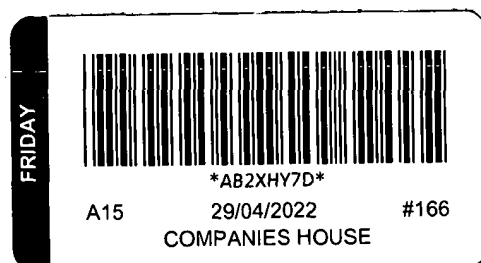


W. & G. Foyle Limited

Annual Report and Financial Statements

52 weeks ended 24 April 2021



W. & G. FOYLE LIMITED

REPORT AND ACCOUNTS 2021

Company Number: 00945131

COMPANY INFORMATION

DIRECTORS

A J Daunt
J Molloy
K Skipper

SECRETARY

E Sullivan (appointed 31 December 2021)

REGISTERED OFFICE

203-206 Piccadilly
London
W1J 9HD

COMPANY NUMBER

00945131

AUDITORS

Ernst & Young LLP
One Colmore Square
Birmingham
B4 6HQ

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****STRATEGIC REPORT****Introduction**

The Directors present the Strategic Report of W. & G. Foyle Limited (the "Company") for the 52 week period ended 24 April 2021.

Principal activities

The Company operates a chain of seven bookshops, four of which are in London and the others in Birmingham, Bristol and Chelmsford and also through the Foyles.com e-commerce website.

Review of the business

Foyles continues to seek to improve the standards of bookselling within its shops by the training and enhanced career development of its booksellers and to support this with investment in the shops themselves and the operational infrastructure.

The outbreak of Covid-19 has had, and continues to have, a significant adverse impact on the Company. Under Government direction, the entire estate of shops was closed in mid-March 2020, with the majority re-opening in mid-June 2020. Subsequent mandated closures were implemented, resulting in the majority of the estate also being closed over the key Christmas trading period and not re-opening until April 21. During the shop closure periods, the online business performed strongly.

Footfall and sales continue to recover but remain depressed, notably in London and our other city-centre locations. However, the online business continues to deliver a strong performance.

In consequence of these various impacts, sales declined relative to last year adversely impacting profitability, as did the incremental costs associated with the implementation of safe working and trading environments. The business responded to these pressures with discipline and the overall impact on the Company's profitability has been substantially mitigated by early action to curtail costs. The support and hard work of employees in this challenging environment has been highly professional.

In line with other retail companies, the Company has utilised the government support available including Job Retention Scheme, Business rates relief and Government business grants.

These financial statements, for the period ended 24 April 2021, are the first the Company has prepared in accordance with International Accounting Standards in conformity with Companies Act 2006. For all periods up to and including the period ended 25 April 2020, the Company prepared its financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. The impact of the conversion to International Accounting Standards in conformity with Companies Act 2006 on previously reported numbers is set out in Note 3.

Against this back drop, sales for the 52 week period ended 24 April 2021 were £8,520,000 (2020: £22,684,000) resulting in an operating loss before exceptional items of £1,650,000 (2020: profit £1,088,000). Exceptional operating charges totalled £nil (2020: £4,268,000). In the prior year exceptional costs comprised impairment of right-of-use assets and tangible fixed assets (as detailed in Note 3) and restructuring costs. This resulted in an operating loss after exceptional items of £1,650,000 (2020: loss £3,181,000).

The loss after taxation amounted to £1,933,000 (2020: loss £5,089,000). No dividend was paid or declared during the period (2020: £nil) with the loss being transferred to reserves.

Key performance indicators ("KPIs")

The Directors consider the key indications of the performance of the Company, both financial and non-financial, to be turnover, operating profit and EBITDA and EBITDA % (earnings before interest, tax, depreciation, amortisation, foreign exchange movements on intercompany loans, management charge income and any one-off exceptional costs) pre IFRS 16 lease accounting.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****STRATEGIC REPORT (CONTINUED)****Key performance indicators ("KPIs") (continued)**

The KPI's are set out below:

| | 2021 | 2020 |
|---|---------|---------|
| | £000 | £000 |
| Turnover | 8,520 | 22,684 |
| Operating loss | (1,650) | (3,181) |
| EBITDA (Pre IFRS 16 lease accounting) | (2,495) | 705 |
| | % | % |
| EBITDA % (Pre IFRS 16 lease accounting) | (29.3) | 3.1 |

Principal risks and uncertainties

The principal risks relevant to the Company are identified as follows:

- (i) the impact of the Covid-19 pandemic on customer shopping behaviours, including any government actions to limit retail trading;
- (ii) the longer term impact of Covid-19 on customers behaviour, particularly in relation to city centres;
- (iii) the competitive nature of its markets, with particular emphasis on the e-commerce strength of Amazon and developing methods of digital delivery of products and content;
- (iv) the general sensitivity of customer confidence and spending in an economic downturn;
- (v) the notable risk that Brexit causes disruption and cost within the supply chain, and further damages consumer confidence;
- (vi) the seasonality of the business, with the reliance on Christmas performance for a high percentage of annual profitability;
- (vii) maintaining appropriate commercial agreements with key suppliers;
- (viii) the reliability of the Company's and key suppliers' supply chains;
- (ix) a failure to sustain or protect the Company's reputation and brand;
- (x) the maintenance and development of information technology systems; and
- (xi) attracting, motivating and retaining key staff, with the impact of Brexit on retention of European staff in the UK a particular consideration.

The Directors ensure that management of these principal risks and uncertainties is addressed in the preparation of, and subsequent execution of the Company's strategic and operational plans and policies.

On behalf of the Board


A J Daunt

Director

Date: 28 April 2022

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131**

DIRECTORS' REPORT

The Directors submit their report and audited financial statements for the 52 weeks ended 24 April 2021, which were approved on behalf of the Board on 28 April 2022.

Directors

The names of the Directors who served throughout the period under review and up to and including the date of this Report are shown on page 1.

Directors' liabilities

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party provision remains in force as at the date of approving the Directors' Report.

Dividends

The Company does not have distributable reserves and therefore no dividend was paid or declared during the period (2020: £nil).

Future developments

The Directors aim to continue the programme of investment and change to secure the future of Foyles as a quality bookselling business.

Subsequent events

There are no subsequent events.

Financial risk factors

The Company's exposure to, and management of, liquidity risk and credit risk and foreign exchange risk is set out in Note 24. Further information about liquidity risk is also included under going concern on pages 5 and 6.

Employee policies

The Company operates a decentralised HR function. This provides greater accountability to employees and aids the development of flexible and entrepreneurial book teams that can thrive under the competitive market pressures in which the Company trades. Decentralised employee policies support a flexible local service, improving response times and maximising the use of available resources, whilst minimising costs.

Employees are provided with information about the Company through the intranet site "Watson" where employees are encouraged to present their questions, suggestions and views. Foyles employees currently have limited access to Watson but this access is expected to increase as its back office systems integrate with those of Waterstones Booksellers Limited, a fellow subsidiary of Book Retail Bidco Limited, the Company's parent company.

The Company is committed to maintaining and improving an equal and diverse workplace, free from discrimination on the grounds of age, gender, nationality, religion, non-job related disability, sexual orientation or marital status. It also aspires to be an employer of choice and aims to provide opportunities for individuals to develop and contribute through employee forums and focus groups.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Donations

The Company made charitable donations of £5,000 (2020: £7,000) in the period under review. It is Company policy not to make donations to political parties and therefore no political donations were made.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131**

DIRECTORS' REPORT (CONTINUED)**Auditors**

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- (i) to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- (ii) each Director has taken all steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

A statement of the Directors' responsibilities for the financial statements can be found on page 7, which is deemed to be incorporated by reference in (and shall be deemed to form part of) this report.

Ernst & Young LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed in the absence of an AGM.

Going concern

In 2020, the rapid, worldwide spread of Covid-19 required extensive interventions by governments to contain the pandemic. This had a significant impact on the Company, with shops subject to periods of full closure and, even when allowed to open, a significant decline in revenue. This was partly mitigated by the improvement in internet sales, cost reductions and receipt of government support.

In the year ending April 2021, cash was sufficient to meet liabilities as they fell due and the Company did not require any additional funding. Since April 2021, the majority of shops have been open. Sales continue to be down on pre-Covid levels and shop performance has varied by location, with the metropolitan locations seeing a larger decline as people continue to work from home and levels of tourism are reduced.

The Directors have reviewed cashflow forecasts to the period ending 29 April 2023. At 19 February 2022, net funds (including all interest bearing and non-interest bearing intercompany and related party balances but excluding IFRS 16 balances) were £4.4m (£4.9m cash and £0.5m net payable intercompany and related party balances). The expectation is that shop sales will remain down on pre-Covid levels, with performance improving as people return to city centre locations and travel restrictions are eased. It is assumed that online sales will continue to grow. For the 12-month going concern period, under the base forecast, the Company would have sufficient cash to meet its liabilities as they fall.

Plausible scenarios have been modelled to understand the impact on the liquidity of Foyles. A full lockdown scenario has not been considered, evidenced by the fact that none was required in response to the Omicron variant. However, whilst Omicron did not lead to a full lockdown, it did impact consumer confidence resulting in reduced footfall and sales, which has been modelled.


In addition, a reverse stress test has been modelled to understand the level to which sales would need to fall for Foyles to run out of cash. Foyles' sales would need to decline by over 30% on the most recent pre-Covid equivalent month to require additional financing. This excludes the repayment of the £1.7m due from Book Retail Bidco Limited, Foyles' parent company.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131**

DIRECTORS' REPORT (CONTINUED)**Going concern (continued)**

Although Covid continues to impact sales and provides a degree of uncertainty, the level of uncertainty has reduced from last year, with future lockdowns judged to be improbable. In addition, since the start of the pandemic, the Company has demonstrated the ability to effectively manage cashflows during periods of closure. Directors believe from their analysis of current performance, forecasts, cashflows and scenarios tests that the Company will continue to trade at levels which mean that it is able to meet its liabilities as they fall due throughout the going concern period. Notwithstanding the above, the directors have also obtained a letter of support from a parent company, Book Retail Bidco Limited, and based on the undertakings in this letter and an assessment of Book Retail Bidco Limited's financial forecasts, are satisfied that financial support would be available, if required, for a period of 12 months from the signing of the financial statements. The accounts are therefore prepared on a going concern basis.

On behalf of the Board

**A J Daunt**

Director

Date: 28 April 2022

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors are required to prepare financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 the financial performance and the cash flows of the Company for that period. In preparing those financial statements, the Directors are required to:

- (i) select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Estimates and then apply them consistently;
- (ii) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- (iii) provide additional disclosures when compliance with the specific requirements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- (iv) state that the Company has complied with International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- (v) make judgements and estimates that are reasonable and prudent; and
- (vi) prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not continue in business.

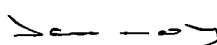
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with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

On behalf of the Board

**A J Daunt**

Director

Date: 28 April 2022

**J Molloy**

Director

Date: 28 April 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W. & G. FOYLE LIMITED

Opinion

We have audited the financial statements of W. & G. Foyle Limited for the period ended 24 April 2021 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 24 April 2021 and of its loss for the period then ended;
- ▶ have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W. & G. FOYLE LIMITED (CONTINUED)

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W. & G. FOYLE LIMITED (CONTINUED)

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including occupational health and safety, General Data Protection Regulation (GDPR) and the requirements of the Coronavirus Job Retention Scheme.
- We understood how the Company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of minutes of the meetings of those charged with governance. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions and how monitoring of these processes is done to avoid any instance of non-compliance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings. We considered the processes and controls that the Company has established to address identified risks, or that otherwise prevent or detect fraud and how senior management monitors those processes and controls. Where the risk was considered to be higher, in particular in respect of adjustments to revenue arising other than through routine sales to customers, we performed audit procedures to address this identified fraud risk. These procedures included obtaining the population of all journals processed during the year. We performed a three-way correlation between revenue, receivables and cash and obtained explanations for any material outliers. We also tested manual journals posted to revenue using professional judgement. We determined the sample based on either size or nature for further testing and agreed to source documentation. These procedures were designed to provide reasonable assurance that the financial statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations, enquiries of management and performing focused testing by considering key phrases in identifying journals for further review. We verified that material transactions are recorded in compliance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and where appropriate Companies Act 2006.

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

Use of our report

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

Adam Gittens (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham

Date: April 29, 2022

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Ernst & Young LLP
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W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****INCOME STATEMENT****For the 52 weeks ended 24 April 2021 and 52 weeks ended 25 April 2020**

| | | Before exceptional items 2021 | Exceptional items 2021 | Total 2021 |
|---|-------|-------------------------------------|------------------------------|---------------|
| | Notes | £000 | £000 | £000 |
| Revenue | 6 | 8,520 | - | 8,520 |
| Cost of sales | | (9,291) | - | (9,291) |
| Gross loss | | (771) | - | (771) |
| Administrative expenses | | (879) | - | (879) |
| Operating loss | 7 | (1,650) | - | (1,650) |
| Finance costs | 12 | (1,754) | - | (1,754) |
| Loss before taxation | | (3,404) | - | (3,404) |
| Income tax expense | 13 | 1,471 | - | 1,471 |
| Loss for the period attributable to equity holders of the Company | | (1,933) | - | (1,933) |

| | | Before exceptional items 2020 | Exceptional items 2020 | Total 2020 |
|---|-------|-------------------------------------|------------------------------|---------------|
| | Notes | £000 | £000 | £000 |
| Revenue | 6 | 22,684 | - | 22,684 |
| Cost of sales | | (20,088) | (4,165) | (24,253) |
| Gross profit/ (loss) | | 2,596 | (4,165) | (1,569) |
| Administrative expenses | | (1,509) | (103) | (1,612) |
| Operating profit/ (loss) | 7 | 1,087 | (4,268) | (3,181) |
| Finance costs | 12 | (1,757) | - | (1,757) |
| Loss before taxation | | (670) | (4,268) | (4,938) |
| Income tax (expense)/ credit | 13 | (151) | - | (151) |
| Loss for the period attributable to equity holders of the Company | | (821) | (4,268) | (5,089) |

These financial statements are made up to the Saturday on or immediately preceding 30 April each year. Consequently, the financial statements for the current period cover the 52 weeks ended 24 April 2021 and the comparative period covered the 52 weeks ended 25 April 2020.

For details of the exceptional items included above, see Note 8.

All results in the current and prior period relate to continuing activities.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****STATEMENT OF COMPREHENSIVE INCOME****For the 52 weeks ended 24 April 2021 and 52 weeks ended 25 April 2020**

| | 2021 | 2020 |
|---|----------------|----------------|
| | £000 | £000 |
| Loss for the period | (1,933) | (5,089) |
| Total comprehensive loss for the period | (1,933) | (5,089) |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****BALANCE SHEET**

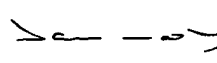
| | | As at 24 April 2021 | As at 25 April 2020 | As at 28 April 2019 |
|---------------------------------------|-------|------------------------|------------------------|------------------------|
| | Notes | £000 | £000 | £000 |
| Assets | | | | |
| Non-current assets | | | | |
| Plant and equipment | 14 | 1,118 | 1,408 | 1,877 |
| Intangible assets | 15 | 55 | 75 | 47 |
| Right-of-use assets | 23 | 21,316 | 23,125 | 29,686 |
| Deferred tax asset | 13 | 857 | - | 151 |
| Trade and other receivables | 17 | 2,377 | - | - |
| | | 25,723 | 24,608 | 31,761 |
| Current assets | | | | |
| Inventories | 16 | 2,522 | 3,031 | 3,286 |
| Trade and other receivables | 17 | 852 | 2,361 | 3,338 |
| Cash at bank and on hand | 18 | 4,423 | 3,380 | 1,776 |
| | | 7,797 | 8,772 | 8,400 |
| Total assets | | 33,520 | 33,380 | 40,161 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Interest-bearing loans and borrowings | 19 | (30,156) | (30,807) | (31,373) |
| | | (30,156) | (30,807) | (31,373) |
| Current liabilities | | | | |
| Trade and other payables | 20 | (1,499) | (1,004) | (2,632) |
| Amounts due to group undertakings | 21 | (581) | (325) | (427) |
| Contract liabilities | 22 | (167) | (190) | (208) |
| Interest-bearing loans and borrowings | 19 | (2,959) | (963) | (341) |
| | | (5,206) | (2,482) | (3,608) |
| Total liabilities | | (35,362) | (33,289) | (34,981) |
| Net (liabilities)/ assets | | (1,842) | 91 | 5,180 |
| Equity | | | | |
| Issued share capital | 26 | 2 | 2 | 2 |
| Share premium | 26 | 4,503 | 4,503 | 4,503 |
| Accumulated (losses)/ profits | | (6,347) | (4,414) | 675 |
| Total equity | | (1,842) | 91 | 5,180 |

The financial statements were approved by the Board of Directors on 28 April 2022 and were signed on its behalf by:

A J Daunt
Director



J Molloy
Director



W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****STATEMENT OF CHANGES IN EQUITY****For the 52 weeks ended 24 April 2021 and 52 weeks ended 25 April 2020**

| | Issued share capital £000 | Share premium £000 | Accumulated profits/(losses) £000 | Total £000 |
|-----------------------------|--|-----------------------------------|--|-----------------------|
| At 28 April 2019 | 2 | 4,503 | 675 | 5,180 |
| Loss for the period | - | - | (5,089) | (5,089) |
| Total comprehensive expense | - | - | (5,089) | (5,089) |
| At 25 April 2020 | 2 | 4,503 | (4,414) | 91 |
| Loss for the period | - | - | (1,933) | (1,933) |
| Total comprehensive expense | - | - | (1,933) | (1,933) |
| At 24 April 2021 | 2 | 4,503 | (6,347) | (1,842) |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****CASH FLOW STATEMENT****For the 52 weeks ended 24 April 2021 and 52 weeks ended 25 April 2020**

| | | 2021 | 2020 |
|--|-------|--------------|----------------|
| | Notes | £000 | £000 |
| Cash flows from operating activities | | | |
| Loss before tax | | (3,404) | (4,938) |
| Adjustments to reconcile loss before tax to net cash flows: | | | |
| Depreciation and impairment of plant and equipment | 14 | 343 | 510 |
| Depreciation and impairment of right-of-use assets | 23 | 1,904 | 6,561 |
| Amortisation of intangible assets | 15 | 20 | 28 |
| Loss on disposal of plant and equipment | | - | 10 |
| Net foreign exchange differences | 7 | 3 | - |
| Loss on disposal of intangible assets | | - | 5 |
| Finance costs | 12 | 1,754 | 1,757 |
| Non-cash reduction in lease liabilities recognised in the income statement | 5 | (66) | - |
| Working capital adjustments: | | | |
| (Increase)/ decrease in trade and other receivables | | (254) | 977 |
| Decrease in inventories | | 509 | 255 |
| Increase/ (decrease) in trade and other payables and contract liabilities | | 469 | (1,646) |
| Increase/ (decrease) in amount due to group undertakings | | 256 | (102) |
| | | 1,534 | 3,417 |
| Income tax paid | | - | - |
| Net cash flows from operating activities | | 1,534 | 3,417 |
| Investing activities | | | |
| Purchase of plant and equipment | | (53) | (51) |
| Purchase of intangible fixed assets | | - | (61) |
| Cash flows arising from the inception of new lease contracts included in right-of-use assets | | (6) | - |
| Net cash flows used in investing activities | | (59) | (112) |
| Financing activities | | | |
| Payment of principal portion of lease liabilities | | - | - |
| Interest paid | | (432) | (1,701) |
| Net cash flows used in financing activities | | (432) | (1,701) |
| Net increase in cash and cash equivalents | | 1,043 | 1,604 |
| Opening cash and cash equivalents | | 3,380 | 1,776 |
| Closing cash and cash equivalents | 18 | 4,423 | 3,380 |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS****1. Corporate information**

The financial statements of W. & G. Foyle Limited (the "Company") for the period ended 24 April 2021 were authorised for issue by the Board on 28 April 2022. The Company is a limited company, incorporated and resident in England and Wales. Its registered office is at 203-206 Piccadilly, London, W1J 9HD.

2. Accounting policies**Basis of preparation**

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the Company for the 52 weeks ended 24 April 2021.

These financial statements are made up to the Saturday on or immediately preceding 30 April each year. Consequently, the financial statements for the current period cover the 52 weeks ended 24 April 2021, whilst the comparative period covered the 52 weeks ended 25 April 2020. The financial statements are prepared in accordance with applicable accounting standards and specifically in accordance with the accounting policies set out below.

The financial statements have been prepared on a historical cost basis. The financial statements are prepared in pounds sterling and all values are rounded to the nearest thousand (£000) except when otherwise indicated.

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the Strategic Report on page 2 and the financial risk section of the Directors' Report on page 4.

Going concern

In 2020, the rapid, worldwide spread of Covid-19 required extensive interventions by governments to contain the pandemic. This had a significant impact on the Company, with shops subject to periods of full closure and, even when allowed to open, a significant decline in revenue. This was partly mitigated by the improvement in internet sales, cost reductions and receipt of government support.

In the year ending April 2021, cash was sufficient to meet liabilities as they fell due and the Company did not require any additional funding. Since April 2021, the majority of shops have been open. Sales continue to be down on pre-Covid levels and shop performance has varied by location, with the metropolitan locations seeing a larger decline as people continue to work from home and levels of tourism are reduced.

The Directors have reviewed cashflow forecasts to the period ending 29 April 2023. At 19 February 2022, net funds (including all interest bearing and non-interest bearing intercompany and related party balances but excluding IFRS 16 balances) were £4.4m (£4.9m cash and £0.5m net payable intercompany and related party balances). The expectation is that shop sales will remain down on pre-Covid levels, with performance improving as people return to city centre locations and travel restrictions are eased. It is assumed that online sales will continue to grow. For the 12-month going concern period, under the base forecast, the Company would have sufficient cash to meet its liabilities as they fall.

Plausible scenarios have been modelled to understand the impact on the liquidity of Foyles. A full lockdown scenario has not been considered, evidenced by the fact that none was required in response to the Omicron variant. However, whilst Omicron did not lead to a full lockdown, it did impact consumer confidence resulting in reduced footfall and sales, which has been modelled.

In addition, a reverse stress test has been modelled to understand the level to which sales would need to fall for Foyles to run out of cash. Foyles' sales would need to decline by over 30% on the most recent pre-Covid equivalent month to require additional financing. This excludes the repayment of the £1.7m due from Book Retail Bidco Limited, Foyles' parent company.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)***Going concern (continued)*

Although Covid continues to impact sales and provides a degree of uncertainty, the level of uncertainty has reduced from last year, with future lockdowns judged to be improbable. In addition, since the start of the pandemic, the Company has demonstrated the ability to effectively manage cashflows during periods of closure. Directors believe from their analysis of current performance, forecasts, cashflows and scenarios tests that the Company will continue to trade at levels which mean that it is able to meet its liabilities as they fall due throughout the going concern period. Notwithstanding the above, the directors have also obtained a letter of support from a parent company, Book Retail Bidco Limited, and based on the undertakings in this letter and an assessment of Book Retail Bidco Limited's financial forecasts, are satisfied that financial support would be available, if required, for a period of 12 months from the signing of the financial statements. The accounts are therefore prepared on a going concern basis.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/ non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Revenue**

Revenue represents the value of the consideration received or receivable for goods sold to customers, net of discounts given and returns expected, excluding value added tax ("VAT") and similar sales-related taxes. It includes book, related product, coffee shop and event ticket sales income.

Sales of goods

The sale of goods to customers in store represents the majority of the Company's revenue. For goods sold in store, revenue is recognised at the point of sale. For goods sold on the internet, revenue is recognised on delivery to/ collection by the customer when the customer is deemed to have control of the goods. Deferred revenue relating to goods in transit at the period end is recognised as a contract liability.

Gift cards

Sales of gift cards are treated as contract liabilities with the revenue recognised when the gift cards are redeemed. The Company recognises breakage, being the amount attributable to customers' rights to future goods that is expected will never be exercised, in proportion to customers' pattern of redemption.

Loyalty schemes

The Company issues loyalty rewards to customers when they purchase goods which entitles them to a future discount. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on their relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of loyalty points by the customer.

When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company annually reviews the estimates of the points that will be redeemed and any adjustments to the contract liability balance are charged against revenue.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a reduction in the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

During the current and prior periods, government grants have been received to support certain expenses during the Covid-19 pandemic. All conditions attached to the government grants were complied with before recognition in the income statement. The UK Coronavirus Job Retention Scheme ("furlough") operates on a claims basis, where cash is received after the expense has been incurred. The amount received under this scheme has been netted off the relevant wages and salaries expense within the income statement.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Taxes***Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income and equity is recognised in other comprehensive income or equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Company offsets current income tax assets and current income tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the current income tax assets and current income tax liabilities relate to income taxes levied by the same taxation authority and the Company intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of income tax liabilities or assets are expected to be settled or recovered.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Taxes (continued)***Deferred tax (continued)*

Deferred tax relating to items recognised directly in other comprehensive income and equity is recognised in other comprehensive income or equity and not in the income statement.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the income statement.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item; or
- when receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Foreign currency translation*Transactions and balances*

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Plant and equipment**

The capitalised cost of plant and equipment includes only those costs that are directly attributable to bringing an asset to its working condition for its intended use.

Plant and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any.

Depreciation of plant and equipment is calculated on cost, at rates estimated to write off the cost, less the estimated residual value, of the relevant assets by equal annual amounts over their estimated useful lives.

The annual rates used are:

| | |
|---------------------|--|
| Plant and equipment | 10 to 33 ¹ / ₃ % |
|---------------------|--|

An item of plant and equipment is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Leases

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

Company as a lessee

The Company applies a single recognition and measurement approach for all leases. The Company recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the most reasonably certain lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Leases (continued)***Company as a lessee (continued)*Lease liabilities (continued)

For rent concessions arising as a direct result of the pandemic, the Company has elected not to assess whether eligible rent concessions are lease modifications. Instead, the concessions have been accounted for as variable lease payments in the period in which the concession is agreed provided that all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Company's lease liabilities are included in interest-bearing loans and borrowings (see Notes 19 and 23).

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Contingent rents are recognised in the income statement in the period in which they are earned.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring into use the specific software. An internally generated intangible asset arising from the Company's development of computer systems (including websites) is recognised only if the costs are directly associated with the production of identifiable and unique software products which are controlled by the Company and it is probable that future economic benefits will flow to the Company. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Website costs and software costs are determined to have a finite useful life and are amortised over their estimated useful lives using the straight line method.

The annual rates used are:

| | |
|----------------------------|-----|
| Website and software costs | 20% |
|----------------------------|-----|

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Inventories**

Inventories are stated at the lower of cost and net realisable value on a first-in, first-out basis. Net realisable value is based on estimated selling prices. Historical sales performance statistics are used in the formulation of these judgements.

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions - Note 2
- Plant and equipment - Note 14
- Intangible assets - Note 15
- Right-of-use assets – Note 23

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value, less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the income statement.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Pension costs

The Company operates a defined contribution pension scheme. Contributions to the scheme are charged in the income statement as they become payable in accordance with the rules of the scheme.

Insurance

During the pandemic, and in line with other retailers, the Company claimed for compensation related to business interruption under its insurance policies. This compensation has been recognised as a credit within Cost of sales only where there is an unconditional contractual right to receive such amounts.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****Exceptional items**

The Company presents as exceptional items, on the face of the income statement, those material items of income and expense which, because of the nature, expected infrequency or quantum of the events giving rise to them, merit separate presentation. This allows shareholders to understand the elements of underlying financial performance in the period, so as to facilitate comparison with prior periods and to assess trends in underlying financial performance. Exceptional items recognised in arriving at operating profit include (but are not limited to) those costs associated with integrating a newly acquired business, impairment losses, reversal of impairments and costs associated with restructuring the business.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

Significant judgements made in the preparation of the financial statements are set out below:

- Covid-19 - the outbreak of Covid-19 has had, and continues to have, a significant adverse impact on the Company. The impact is further discussed in the Review of the business on page 2 and Going concern on page 5.
- Revenue recognition in respect of customer loyalty schemes - revenue recognition is based on the fair value of loyalty rewards, the calculation of which is based on expected redemption rates. This calculation requires judgements to be made regarding future redemption rates. Expected redemption rates are based on current run rates and are regularly monitored.
- Lease accounting – expected lease terms are estimated and reviewed each year. This estimation requires judgements to be made about the expected lease length taking into account the likelihood of exercising termination and extension options.
- Impairment of plant and equipment, intangible assets and right-of-use assets - plant and equipment, intangible assets and right-of-use assets are reviewed for impairment/ reversal of an impairment if events or changes in circumstances indicate that the carrying value may not be recoverable or that a previously recognised impairment loss may have reversed. When a review for impairment/ reversal of an impairment is conducted, the recoverable amount of an asset or a CGU is based on the value in use calculation prepared using management assumptions and estimates. Key assumptions for the value in use calculation include revenue, margin, operating costs and discount rate. Identification of a CGU involves significant judgement regarding largely independent cash flows and geographical proximity of stores.
- Inventory valuation – inventories are valued at the lower of cost and net realisable value, which includes, where necessary, provisions for slow moving and obsolete inventory. Calculation of provisions requires judgements to be made regarding future customer demand, future sales prices and inventory loss trends. Historical sales performance statistics are used in the formulation of these judgements.
- Taxation – calculation of the Company's total tax charge requires a degree of estimation and judgement in respect of the probability that future taxable profits will be available to support the recognition of deferred tax assets. Where the final outcome of these tax matters differs from the amounts that were initially recorded, the tax charge and deferred tax provisions will be impacted.
- Provisions – Provisions for store closures are estimates and the actual costs and timing of future cash flows are dependent on future events. Expectations are revised in each period, with any difference accounted for in the period in which the revision is made. Key assumptions for provisions are those regarding future costs, the timing of those costs and discount rates.

The only key source of estimation uncertainty that has a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period is the expected redemption rate for customer loyalty schemes. A 5% change in expected redemption rates would have an impact of approximately £56,000 on the revenue recognised for the year ended 24 April 2021.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**2. Accounting policies (continued)****New accounting standards**

The Company has adopted the following amended accounting standards which were mandatory for the first time for the financial period ending 24 April 2021. They have no material impact on the Company.

- IFRS 3 Business Combinations: Amendments to clarify the definition of a business;
- IFRS 7 Financial Instruments: Disclosures: Amendments regarding pre-replacement issues in the context of IBOR reform;
- IFRS 9 Financial Instruments: Amendments regarding pre-replacement issues in the context of IBOR reform;
- IAS 1 Presentation of financial statements: Amendments regarding the definition of material;
- IAS 8 Accounting policies, changes in accounting estimates and errors: Amendments regarding the definition of material; and
- IAS 39 Financial Instruments: Recognition and Measurement: Amendments regarding pre-replacement issues in the context of IBOR reform.

The Company has adopted early the requirements of the following accounting standards and interpretations, which have an effective date after the start date of these financial statements.

- IFRS 16 Leases: Amendment to provide lessees with an exemption from assessing whether a Covid-19 related rent concession is a lease modification, effective for annual periods beginning on or after 1 June 2020; and
- IFRS 16 Leases: Amendments to extend the exemption from assessing whether a Covid-19 related rent concession is a lease modification, effective for annual periods beginning on or after 1 April 2021.

The impact of adopting these amendments is set out in Note 5.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Accounting policies (continued)****New accounting standards (continued)**

The Company has not adopted early the requirements of the following accounting standards and interpretations, which have an effective date after the start date of these financial statements.

- IFRS 7 Financial Instruments: Disclosures: Amendments regarding replacement issues in the context of the IBOR reform, effective for annual periods beginning on or after 1 January 2021;
- IFRS 9 Financial Instruments: Disclosures: Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 percent' test for derecognition of financial liabilities), effective for annual periods beginning on or after 1 January 2022;
- IFRS 16 Leases: Amendments regarding replacement issues in the context of the IBOR reform, effective for annual periods beginning on or after 1 January 2021;
- IAS 1 Presentation of financial statements: Amendments regarding the classification of liabilities, effective for annual periods beginning on or after 1 January 2023;
- IAS 1 Presentation of financial statements: Amendments regarding the disclosure of accounting policies, effective for annual periods beginning on or after 1 January 2023;
- IAS 8 Accounting policies, changes in accounting estimates and errors: Amendments regarding the definition of accounting estimates, effective for annual periods beginning on or after 1 January 2023;
- IAS 12 Income Taxes: Amendments regarding deferred tax on leases and decommissioning obligations, effective for annual periods beginning on or after 1 January 2023;
- IAS 16 Property, plant and equipment: Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use, effective for annual periods beginning on or after 1 January 2022;
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Amendments regarding the costs to include when assessing whether a contract is onerous; and
- IAS 39 Financial Instruments: Recognition and Measurement: Amendments regarding replacement issues in the context of the IBOR reform, effective for annual periods beginning on or after 1 January 2021.

The Company intends to adopt these standards when they become effective.

The Directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the Company's financial statements.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**3. First time adoption of International Accounting Standards in conformity with Companies Act 2006**

These financial statements, for the period ended 24 April 2021, are the first the Company has prepared in accordance with International Accounting Standards in conformity with Companies Act 2006. For all periods up to and including the period ended 25 April 2020, the Company prepared its financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

Accordingly, the Company has prepared financial statements that comply with International Accounting Standards in conformity with Companies Act 2006, applicable as at 24 April 2021, together with the comparative period data for the period ended 25 April 2020, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 28 April 2019, the Company's date of transition to International Accounting Standards in conformity with Companies Act 2006. This note explains the principal adjustments made by the Company in restating its Local GAAP financial statements, including the statement of financial position as at 28 April 2019 and the financial statements as of, and for, the period ended 25 April 2020.

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under International Accounting Standards in conformity with Companies Act 2006.

The Company has applied the following exemptions:

The Company assessed all contracts existing at 28 April 2019 to determine whether a contract contains a lease based upon the conditions in place as at 28 April 2019.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 28 April 2019. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 28 April 2019.

The estimates at 28 April 2019 and 25 April 2020 are consistent with those made for the same dates in accordance with Local GAAP.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. First time adoption of International Accounting Standards in conformity with Companies Act 2006 (continued)****Reconciliation of equity as at 28 April 2019**

| | Notes | Local GAAP £000 | Remeasurements and reclassifications £000 | IFRS as at 28 April 2019 £000 |
|--|-------|--------------------|--|-------------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible fixed assets | | 47 | - | 47 |
| Plant and equipment | C | 1,553 | 324 | 1,877 |
| Right-of-use assets | | - | 29,686 | 29,686 |
| | | 1,600 | 30,010 | 31,610 |
| Current assets | | | | |
| Inventories | | 3,286 | - | 3,286 |
| Debtors – Due within one year | C | 3,721 | (180) | 3,541 |
| Due after more than one year | | 151 | - | 151 |
| Cash and cash equivalents | | 1,776 | - | 1,776 |
| | | 8,934 | (180) | 8,754 |
| Total assets | | 10,534 | 29,830 | 40,364 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Interest-bearing loans and borrowings | C | - | (31,373) | (31,373) |
| | | - | (31,373) | (31,373) |
| Current liabilities | | | | |
| Creditors: Amounts falling due within one year | B,C | (5,354) | 2,092 | (3,262) |
| Contract liabilities | B | - | (208) | (208) |
| Interest-bearing loans and borrowings | C | - | (341) | (341) |
| | | (5,354) | 1,543 | (3,811) |
| Provision for other liabilities | A | (174) | 174 | - |
| Total liabilities | | (5,528) | (29,656) | (35,184) |
| Net assets | | 5,006 | 174 | 5,180 |
| Equity | | | | |
| Called-up share capital | | 2 | - | 2 |
| Share premium account | | 4,503 | - | 4,503 |
| Retained earnings | A | 501 | 174 | 675 |
| Total equity | | 5,006 | 174 | 5,180 |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. First time adoption of International Accounting Standards in conformity with Companies Act 2006 (continued)****Reconciliation of equity as at 25 April 2020**

| | Notes | Local GAAP £000 | Remeasurements and reclassifications £000 | IFRS as at 25 April 2020 £000 |
|--|-------|--------------------|--|-------------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible fixed assets | | 75 | - | 75 |
| Plant and equipment | C,D | 602 | 806 | 1,408 |
| Right-of-use assets | C,D | - | 23,125 | 23,125 |
| | | 677 | 23,931 | 24,608 |
| Current assets | | | | |
| Inventories | | 3,031 | - | 3,031 |
| Debtors – Due within one year | C | 2,613 | (252) | 2,361 |
| Cash and cash equivalents | | 3,380 | - | 3,380 |
| | | 9,024 | (252) | 8,772 |
| Total assets | | 9,701 | 23,679 | 33,380 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Interest-bearing loans and borrowings | C | - | (30,807) | (30,807) |
| | | - | (30,807) | (30,807) |
| Current liabilities | | | | |
| Creditors: Amounts falling due within one year | B,C | (5,326) | 3,997 | (1,329) |
| Contract liabilities | B | - | (190) | (190) |
| Interest-bearing loans and borrowings | C | - | (963) | (963) |
| | | (5,326) | 2,844 | (2,482) |
| Provision for other liabilities | A | (1,198) | 1,198 | - |
| Total liabilities | | (6,524) | (26,765) | (33,289) |
| Net assets | | 3,177 | (3,086) | 91 |
| Equity | | | | |
| Called-up share capital | | 2 | - | 2 |
| Share premium account | | 4,503 | - | 4,503 |
| Retained earnings | A,C,D | (1,328) | (3,086) | (4,414) |
| Total equity | | 3,177 | (3,086) | 91 |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. First time adoption of International Accounting Standards in conformity with Companies Act 2006 (continued)****Reconciliation of income for the period ended 25 April 2020**

| | | Local GAAP 52 weeks ended 25 April 2020 | Remeasurements and reclassifications | IFRS 52 weeks ended 25 April 2020 |
|---|-------------|--|--|--|
| | Notes | £000 | £000 | £000 |
| Revenue | | 22,684 | - | 22,684 |
| Cost of sales | A,C,D, E | (16,344) | (1,324) | (17,668) |
| Gross profit/ (loss) | | 6,340 | (1,324) | 5,016 |
| Distribution costs | | (265) | - | (265) |
| Administrative expenses | | (8,176) | - | (8,176) |
| Other operating gains | E | 426 | (182) | 244 |
| Operating loss | | (1,675) | (1,506) | (3,181) |
| Interest payable and similar expenses | C | (3) | (1,754) | (1,757) |
| Loss before taxation | | (1,678) | (3,260) | (4,938) |
| Income tax (expense)/ credit | | (151) | - | (151) |
| Loss for the financial period attributable to the shareholders of the Company | A,C,D,E | (1,829) | (3,260) | (5,089) |

Reconciliation of total comprehensive income for the period ended 25 April 2020

| | | Local GAAP 52 weeks ended 25 April 2020 | Remeasurements and reclassifications | IFRS 52 weeks Ended 25 April 2020 |
|--|---------|--|--|--|
| | Notes | £ | £ | £ |
| Loss for the period attributable to the shareholders of the Company | A,B,D,E | (1,829) | (3,260) | (5,089) |
| Total comprehensive expense for the period attributable to the shareholders of the Company | A,B,D,E | (1,829) | (3,260) | (5,089) |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. First time adoption of International Accounting Standards in conformity with Companies Act 2006 (continued)****Notes to the reconciliation of equity as at 28 April 2019 and 25 April 2020 and income and total comprehensive income for the period ended 25 April 2020***A Provisions*

Under Local GAAP, an onerous lease provision has been recorded against certain property leases. Under IFRS 16 this is no longer recognised and is instead considered as part of the impairment of right-of-use assets. It has therefore been derecognised against retained earnings at 28 April 2019. Further onerous lease provisions were recognised under Local GAAP in the income statement in the period ended 25 April 2020 which have been reversed.

B Contract liabilities

Under Local GAAP, the Company recognised deferred revenue for an obligation to transfer goods or services to a customer for which the entity has received consideration or the amount is due from the customer. This obligation arose from the sale of gift cards and the Company's loyalty scheme. Under International Accounting Standards in conformity with Companies Act 2006, the obligation should be recognised as a contract liability rather than deferred revenue. As a result, the Company reclassified £190,000 (28 April 2019: £208,000) from deferred revenue to contract liabilities.

C Leases

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under International Accounting Standards in conformity with Companies Act 2006, as explained in Note 2, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to International Accounting Standards in conformity with Companies Act 2006, the Company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments including any deferred income arising from lease incentives and accrued charges arising from stepped rent arrangements. As a result, the Company recognised an increase of £31,770,000 (28 April 2019: £31,714,000) of lease liabilities included under interest-bearing loans and borrowings and £23,125,000 (28 April 2019: £29,686,000) of right-of-use assets.

Previously the Company included capital contributions received from landlords as a reduction in tangible fixed assets and depreciated them over the lease term. As a result of the reclassification of lease incentives referred to above tangible fixed assets increased by £324k and £274k at 25 April 2020 and 29 April 2019 respectively.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. First time adoption of International Accounting Standards in conformity with Companies Act 2006 (continued)****Notes to the reconciliation of equity as at 28 April 2019 and 25 April 2020 and income and total comprehensive income for the period ended 25 April 2020 (continued)***D Impairment*

The resulting right-of-use assets and recalculated tangible fixed assets were subject to an impairment review at 25 April 2020 and 29 April 2019.

Under Local GAAP the Company had recognised an impairment of tangible fixed assets totalling £595,000 at 25 April 2020 following an impairment review based on prevailing market trading conditions. The market trading conditions had been heavily impacted by the outbreak of Covid-19 during the year ended 25 April 2020 which have had, and continued to have, a significant adverse impact on the Company. The recoverable amounts of assets were determined from value in use calculations that incorporated cash flow estimates, discounted at an appropriate pre-tax discount rate of 15.3%. Key assumptions for the value in use calculations were those regarding revenue, margin, operating costs and discount rate. The first year reflected the impact of Covid-19, including extended lockdowns, in the year ending April 21. The cash flow also included assumptions on operating cost savings based on management experience and assumptions. The cash flows reflected management's best estimates in the uncertain circumstances created by Covid-19 of revenue, margin, operating costs and discount rate over the forecast period and did not assume that there would be any further enforced lockdowns.

Under International Accounting Standards in conformity with Companies Act 2006, the impairment review has been re-performed including the right-of-use asset, taking the cash flows into perpetuity and using a pre tax discount rate of 12.3% calculated on an International Accounting Standards in conformity with Companies Act 2006, basis. This resulted in an impairment of tangible fixed assets of £63,000 (previously £595,000 on a Local GAAP basis) and of right-of-use assets of £4,040,000.

E Government grants

Under Local GAAP the Company showed income from government grants gross in other income. Under International Accounting Standards in conformity with Companies Act 2006, the Company has elected to net income from government grants off the corresponding expenditure.

F Statement of cash flows

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Cash flows arising from operating lease payments are classified as operating activities. Under International Accounting Standards in conformity with Companies Act 2006, a lessee generally applies a single recognition and measurement approach for all leases and recognises lease liabilities. Cash flows arising from payments of principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by £1,698,000 and cash outflows from financing activities increased by the same amount for the year ended 25 April 2020 in respect of this change.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****4. Alignment with group accounting requirements**

Following conversion to International Accounting Standards in conformity with Companies Act 2006, the Company has also aligned their classification of assets, liabilities, income and expenditure with that adopted by other members of the group headed by Book Retail Midco Limited, the ultimate UK parent undertaking of the Company. This has resulted in the following reclassifications:

Reconciliation of equity as at 28 April 2019

| | IFRS as at 28 April 2019 (See Note 3) | Reclassifications | As disclosed 28 April 2019 |
|--|---|-------------------|-------------------------------|
| | £000 | £000 | £000 |
| Assets | | | |
| Non-current assets | | | |
| Intangible fixed assets | 47 | - | 47 |
| Plant and equipment | 1,877 | - | 1,877 |
| Right-of-use assets | 29,686 | - | 29,686 |
| Deferred tax asset | - | 151 | 151 |
| | 31,610 | 151 | 31,761 |
| Current assets | | | |
| Inventories | 3,286 | - | 3,286 |
| Debtors – Due within one year | 3,541 | (3,541) | - |
| Debtors – Due after more than one year | 151 | (151) | - |
| Trade and other receivables | - | 3,338 | 3,338 |
| Cash and cash equivalents | 1,776 | - | 1,776 |
| | 8,754 | (354) | 8,400 |
| Total assets | 40,364 | (203) | 40,161 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | (31,373) | - | (31,373) |
| | (31,373) | - | (31,373) |
| Current liabilities | | | |
| Creditors: Amounts falling due within one year | (3,262) | 3,262 | - |
| Trade and other payables | - | (2,632) | (2,632) |
| Amounts due to group undertakings | - | (427) | (427) |
| Contract liabilities | (208) | - | (208) |
| Interest-bearing loans and borrowings | (341) | - | (341) |
| | (3,811) | 203 | (3,608) |
| Total liabilities | (35,184) | 203 | (34,981) |
| Net assets | 5,180 | - | 5,180 |
| Equity | | | |
| Called-up share capital | 2 | - | 2 |
| Share premium account | 4,503 | - | 4,503 |
| Retained earnings | 675 | - | 675 |
| Total equity | 5,180 | - | 5,180 |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****4. Alignment with group accounting requirements (continued)****Reconciliation of equity as at 25 April 2020**

| | IFRS as at 25 April 2020 (See Note 3) £000 | Reclassifications £000 | As disclosed 25 April 2020 £000 |
|--|---|---------------------------|---------------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible fixed assets | 75 | - | 75 |
| Plant and equipment | 1,408 | - | 1,408 |
| Right-of-use assets | 23,125 | - | 23,125 |
| | 24,608 | - | 24,608 |
| Current assets | | | |
| Inventories | 3,031 | - | 3,031 |
| Debtors – Due within one year | 2,361 | (2,361) | - |
| Trade and other receivables | - | 2,361 | 2,361 |
| Cash and cash equivalents | 3,380 | - | 3,380 |
| | 8,772 | - | 8,772 |
| Total assets | 33,380 | - | 33,380 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | (30,807) | - | (30,807) |
| | (30,807) | - | (30,807) |
| Current liabilities | | | |
| Creditors: Amounts falling due within one year | (1,329) | 1,329 | - |
| Trade and other payables | - | (1,004) | (1,004) |
| Amounts due to group undertakings | - | (325) | (325) |
| Contract liabilities | (190) | - | (190) |
| Interest-bearing loans and borrowings | (963) | - | (963) |
| | (2,482) | - | (2,482) |
| Total liabilities | (33,289) | - | (33,289) |
| Net assets | 91 | - | 91 |
| Equity | | | |
| Called-up share capital | 2 | - | 2 |
| Share premium account | 4,503 | - | 4,503 |
| Retained earnings | (4,414) | - | (4,414) |
| Total equity | 91 | - | 91 |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****4. Alignment with group accounting requirements (continued)****Reconciliation of income for the period ended 25 April 2020**

| | IFRS 52 weeks ended 25 April 2020 (See Note 3) | Reclassifications | As disclosed 52 weeks ended 25 April 2020 |
|---|--|-------------------|--|
| | £000 | £000 | £000 |
| Revenue | 22,684 | - | 22,684 |
| Cost of sales | (17,668) | (6,585) | (24,253) |
| Gross profit/ (loss) | 5,016 | (6,585) | (1,569) |
| Distribution costs | (265) | 265 | - |
| Administrative expenses | (8,176) | 6,564 | (1,612) |
| Other operating gains | 244 | (244) | - |
| Operating loss | (3,181) | - | (3,181) |
| Interest payable and similar expenses | (1,757) | - | (1,757) |
| Loss before taxation | (4,938) | - | (4,938) |
| Income tax (expense)/ credit | (151) | - | (151) |
| Loss for the financial period attributable to the shareholders of the Company | (5,089) | - | (5,089) |

5. Change in accounting policy

The Company has adopted early the requirements of the following accounting standards amendments, which have an effective date after the start date of these financial statements.

- IFRS 16 Leases: Amendment to provide lessees with an exemption from assessing whether a Covid-19 related rent concession is a lease modification, effective for annual periods beginning on or after 1 June 2020; and
- IFRS 16 Leases: Amendments to extend the exemption from assessing whether a Covid-19 related rent concession is a lease modification, effective for annual periods beginning on or after 1 April 2021.

As a result of the amendments, for rent concessions arising as a direct result of the pandemic, the Company is not required to assess whether eligible rent concessions are lease modifications. Instead, the concessions have been accounted for as variable lease payments in the period in which the concession is agreed provided that all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Company has applied the practical expedient to all rent concessions that meet the conditions of the amendment.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the Company has applied the practical expedient is £66,000. This has been recognised as a non-cash change in lease liabilities in the cash flow statement.

6. Revenue

Revenue disclosed in the income statement is analysed as follows:

| | 2021 | 2020 |
|-------------------------------|--------------|--------|
| | £000 | £000 |
| Sale of goods – UK | 8,273 | 22,545 |
| Sale of goods – rest of world | 247 | 139 |
| | 8,520 | 22,684 |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****7. Operating loss**

Operating loss is stated after charging (crediting):

| | 2021 | 2020 |
|--|-------|--------|
| | £000 | £000 |
| Depreciation and amortisation (see Notes 14, 15 and 23) | 2,267 | 2,996 |
| Impairment charges (see Notes 14 and 23) | - | 4,103 |
| Loss on disposal of tangible and intangible fixed assets | - | 15 |
| Cost of inventories recognised as an expense | 4,062 | 11,217 |
| Movement in inventory provision | 128 | 90 |
| Net foreign exchange differences | 3 | - |

In line with other retail companies, the Company has utilised the government support available in the UK including Job Retention Scheme, Business rates relief and Government business grants. This support totals £2,170,000 (2020: £281,000).

8. Exceptional items

Recognised in arriving at operating loss:

| | 2021 | 2020 |
|---|------|-------|
| | £000 | £000 |
| Included in Cost of sales: | | |
| Impairment of right-of-use assets and tangible fixed assets | - | 4,103 |
| Restructuring costs | - | 62 |
| | - | 4,165 |
| Included in Administrative expenses: | | |
| Restructuring costs | - | 103 |
| | - | 103 |
| Exceptional items charged to profit and loss | - | 4,268 |

The impairment charge in the prior period arose as a result of prevailing market trading conditions, heavily impacted by the outbreak of Covid-19, which had a significant adverse impact on the Company.

The exceptional restructuring costs in the prior period comprised payroll costs.

A tax credit of £nil (2020: £nil) arose in respect of the exceptional charges.

The cash flow impact of these exceptional costs is a cash outflow of £nil (2020: £165,000) from operating activities.

9. Fees to auditors

| | 2021 | 2020 |
|-----------------------------------|------|------|
| | £000 | £000 |
| Audit of the financial statements | 84 | 71 |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10. Directors' emoluments**

| | 2021 | 2020 |
|---|------|------|
| | £000 | £000 |
| Directors' emoluments | 12 | 7 |
| Company contributions to defined contribution pension schemes | 1 | - |
| | 13 | 7 |

During the current financial period, the directors were remunerated by another group company. The amounts above include amounts recharged to the Company for services provided to the Company.

Two (2020: two) of the Directors are accruing benefits under defined contribution pension arrangements.

11. Employee costs

| | 2021 | 2020 |
|-----------------------|-------|-------|
| | £000 | £000 |
| Employee costs: | | |
| Wages and salaries | 2,132 | 2,960 |
| Social security costs | 152 | 255 |
| Other pension costs | 54 | 75 |
| | 2,338 | 3,290 |

| | 2021 | 2020 |
|---|------|------|
| | No. | No. |
| Monthly average number of people employed by the Company: | | |
| Stores | 106 | 132 |
| Head office | 6 | 20 |
| | 112 | 152 |

12. Finance costs

| | 2021 | 2020 |
|---|-------|-------|
| | £000 | £000 |
| External loans and overdrafts | - | 3 |
| Interest on lease liabilities (see Note 23) | 1,754 | 1,754 |
| | 1,754 | 1,757 |

13. Income tax

The major components of income tax expense for the 52 weeks ended 24 April 2021 and the 52 weeks ended 25 April 2020 are:

Income statement

| | 2021 | 2020 |
|---|---------|------|
| | £000 | £000 |
| UK current income tax, current period | (614) | - |
| | (614) | - |
| Deferred tax, current period | (857) | 151 |
| Total income tax expense reported in the income statement | (1,471) | 151 |

The tax charge includes a credit of £nil (2020: £nil) in relation to the exceptional operating charge of £nil (2020: £4,268,000), details of which can be found in Note 8.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****13. Income tax (continued)****Income statement (continued)**

The reconciliation of tax expense and the accounting profit multiplied by the Company's tax rate for the 52 weeks ended 24 April 2021 and the 52 weeks ended 25 April 2020 is as follows:

| | 2021 | 2020 |
|---|---------|---------|
| | £000 | £000 |
| Accounting loss before income tax | (3,404) | (4,938) |
| At the Company's statutory income tax rate of 19% (2020: 19%) | (647) | (938) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 38 | 58 |
| Accelerated capital allowances (no deferred tax recognised) | - | 65 |
| Group relief surrendered for £nil payment | - | 196 |
| Deferred tax not recognised | - | 619 |
| Deferred tax not previously recognised | (862) | - |
| Derecognition of deferred tax asset | - | 151 |
| | (1,471) | 151 |

Deferred tax*Provided deferred tax*

Deferred tax relates to the following:

| | Balance sheet | | Income statement | |
|--|---------------|------|------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| | £000 | £000 | £000 | £000 |
| Fixed assets | 175 | - | 151 | (175) |
| IFRS 16 | 647 | - | - | (647) |
| Other timing differences | 35 | - | - | (35) |
| Deferred tax (credit)/ charge | | | (857) | 151 |
| Net deferred tax asset | 857 | - | 151 | |
| Reflected in the balance sheet as follows: | | | | |
| Deferred tax asset | 857 | - | 151 | |
| Deferred tax asset, net | 857 | - | 151 | |

The movement in the deferred tax balance is set out below:

| | £000 | £000 |
|---|------|-------|
| At 25 April 2020/ 28 April 2019 | - | 151 |
| Tax credit/ (expense) for the period recognised in the income statement | 857 | (151) |
| At 24 April 2021/ 25 April 2020 | 857 | - |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****13. Income tax****Deferred tax (continued)***Unprovided deferred tax*

The Company has trading losses of approximately £2.9m (2020: £2.9 million) which, subject to agreement with HM Revenue and Customs, are available to carry forward and offset against future profits of the same trade. No deferred tax has been provided in respect of these losses.

In the prior year, no deferred tax asset was recognised in respect of accelerated capital allowances (£1,258,000). However following the agreement for the payment of group relief, deferred tax has now been recognised on this balance.

Factors that may affect future tax charges

During 2020 the Government announced a change in the enacted corporation tax rate for the financial years ending 31 March 2021 and 2022 to maintain the existing 19% rate (previously this rate had been legislated to reduce to 17% from 1 April 2020). Deferred tax has been calculated using this revised rate and the impact reflected in the income statement tax charge. In the budget on 3 March 2021 by HM Government, legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023 was announced. This rate change was substantively enacted in May 2021 and represents a non-adjusting post balance sheet event.

The Company has estimated that if the deferred tax balances as at 24 April 2021 that are expected to unwind after 1 April 2023 were remeasured at 25%, this would result in an increase in the net deferred tax asset of approximately £0.3m.

14. Plant and equipment

| | Plant and equipment |
|--|--------------------------------|
| | £000 |
| Cost at 28 April 2019 | 5,937 |
| Disposals | (42) |
| Additions | 51 |
| Cost at 25 April 2020 | 5,946 |
| Disposals | - |
| Additions | 53 |
| Cost at 24 April 2021 | 5,999 |
| Depreciation at 28 April 2019 | 4,060 |
| Charge for period | 447 |
| Impairment | 63 |
| Disposals | (32) |
| Depreciation at 25 April 2020 | 4,538 |
| Charge for period | 343 |
| Impairment | - |
| Disposals | - |
| Depreciation at 24 April 2021 | 4,881 |
| Net book value at 24 April 2021 | 1,118 |
| Net book value at 25 April 2020 | 1,408 |
| Net book value at 28 April 2019 | 1,877 |

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****14. Plant and equipment (continued)**

Plant and equipment are reviewed for impairment/ reversal of an impairment if events or changes in circumstances indicate that the carrying value may not be recoverable or that a previously recognised impairment loss may have reversed. When a review for impairment/ reversal of an impairment is conducted, the recoverable amount of an asset or a cash generating unit ("CGU") is based on the value in use calculation prepared using management assumptions and estimates. Identification of a CGU involves significant judgement regarding largely independent cash flows and geographical proximity of stores.

An impairment review of plant and equipment was carried out based on prevailing market trading conditions. The Company is largely dependent on city centre locations which have experienced a large footfall decline due to Covid-19. The recoverable amounts of assets were determined from value in use calculations that incorporated cash flow estimates, discounted at an appropriate pre-tax discount rate of 12.5%. Key assumptions for the value in use calculations were those regarding revenue, margin, operating costs and discount rate. The forecast assumptions, detailed in the going concern statement, reflect management's best estimates in the uncertain circumstances created by Covid-19 of revenue, margin, operating costs and discount rate over the forecast period and do not assume that there will be any further enforced lockdowns. The cash flow also includes assumptions on operating cost savings based on management experience and assumptions. The assets impaired totalled £nil (2020: £63,000) and the total recoverable amount of the assets impaired was £nil (2020: £nil).

15. Intangible assets

| | Software costs £000 | Website costs £000 | Intellectual property £000 | Total £000 |
|--|------------------------|-----------------------|-------------------------------|---------------|
| Cost at 28 April 2019 | - | 233 | 19 | 252 |
| Additions | 28 | 33 | - | 61 |
| Disposals | - | (15) | - | (15) |
| Cost at 25 April 2020 | 28 | 251 | 19 | 298 |
| Cost at 24 April 2021 | 28 | 251 | 19 | 298 |
| Amortisation at 28 April 2019 | - | 197 | 8 | 205 |
| Charge for period | 4 | 23 | 1 | 28 |
| Disposals | - | (10) | - | (10) |
| Amortisation at 25 April 2020 | 4 | 210 | 9 | 223 |
| Charge for period | 6 | 13 | 1 | 20 |
| Amortisation at 24 April 2021 | 10 | 223 | 10 | 243 |
| Net book value at 24 April 2021 | 18 | 28 | 9 | 55 |
| Net book value at 25 April 2020 | 24 | 41 | 10 | 75 |
| Net book value at 28 April 2019 | - | 36 | 11 | 47 |

16. Inventories

Inventories primarily comprise finished goods and goods for resale. The replacement cost of inventories is considered to be not materially different from the balance sheet value.

The inventory provision has been increased during the year, predominantly driven by the impact of Covid-19 which is further detailed in the Strategic Report on page 2.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17. Trade and other receivables**

| | At 24 April 2021 | At 25 April 2020 | At 28 April 2019 |
|-------------------------------------|------------------|------------------|------------------|
| | £000 | £000 | £000 |
| Non-current | | | |
| Amounts due from parent undertaking | 1,763 | - | - |
| Amounts owed by group undertakings | 614 | - | - |
| | 2,377 | - | - |
| Current: | | | |
| Trade receivables | 124 | 135 | 136 |
| Amounts owed by group undertakings | - | 1,763 | 1,763 |
| Other receivables | 617 | 402 | 115 |
| Prepayments and accrued income | 111 | 61 | 1,324 |
| | 852 | 2,361 | 3,338 |

The carrying value of trade and other receivables approximates to fair value.

Trade receivables are stated net of a provision for impairment of £101,000 (2020: £31,000, 2019: £nil). Trade receivables are non-interest-bearing and are generally on 30 day terms.

The amounts owed by group undertakings have no fixed repayment date and do not accrue interest.

Other receivables include VAT and a number of Covid related receivables. Other receivables are non-interest bearing

Credit risk is limited as the Company has minimal levels of trade receivables due to the nature of its retailing business. See Note 24 for a discussion of credit risk.

18. Cash at bank and on hand

| | At 24 April 2021 | At 25 April 2020 | At 28 April 2019 |
|--------------------------|------------------|------------------|------------------|
| | £000 | £000 | £000 |
| Cash at bank and on hand | 4,423 | 3,380 | 1,776 |
| | 4,423 | 3,380 | 1,776 |

19. Interest-bearing loans and borrowings

| | At 24 April 2021 | At 25 April 2020 | At 28 April 2019 |
|-------------------|------------------|------------------|------------------|
| | £000 | £000 | £000 |
| Non-current: | | | |
| Lease liabilities | 30,156 | 30,807 | 31,373 |
| | 30,156 | 30,807 | 31,373 |
| Current: | | | |
| Lease liabilities | 2,959 | 963 | 341 |
| | 2,959 | 963 | 341 |

Further information about the lease liabilities is provided in Note 23.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20. Trade and other payables**

| | At 24 April 2021 | At 25 April 2020 | At 28 April 2019 |
|------------------------------|------------------|------------------|------------------|
| | £000 | £000 | £000 |
| Current: | | | |
| Trade payables | 44 | 206 | 904 |
| Other payables | 953 | 499 | 1,533 |
| Accruals and deferred income | 502 | 299 | 195 |
| | 1,499 | 1,004 | 2,632 |

The carrying value of trade and other payables approximates to fair value. Trade payables are non-interest-bearing and are generally on 30-60 day terms. Other payables are also non-interest-bearing.

21. Amounts due to group undertakings

| | At 24 April 2021 | At 25 April 2020 | At 28 April 2019 |
|---|------------------|------------------|------------------|
| | £000 | £000 | £000 |
| Current: | | | |
| Amounts due to fellow subsidiary undertakings | 581 | 325 | 427 |
| | 581 | 325 | 427 |

The amounts due to fellow subsidiary undertakings arise from intercompany trading and are non-interest-bearing with no fixed repayment date.

22. Contract liabilities

Contract liabilities comprise consideration received for performance obligations that have not been satisfied by the Company at the period end arising from loyalty schemes, the sale of gift cards and internet sales.

Loyalty schemes

The Company issues loyalty rewards to customers when they purchase goods which entitles them to a future discount. The total transaction price is allocated between the fair value of the goods sold and the rewards issued based on their standalone fair values. The fair value of the loyalty rewards is adjusted for expected breakage, being the amount attributable to a customer's rights to future goods that it is expected will never be exercised. The amount attributed to the loyalty rewards is deferred within the contract liabilities balance.

Gift cards

Sales of gift cards are treated as contract liabilities with the revenue recognised when the gift cards are redeemed.

The Company recognises breakage, being the amount attributable to a customer's rights to future goods that it is expected will never be exercised, in proportion to the customers' pattern of redemption.

Internet sales

For goods sold on the internet, the sale is recognised on delivery to/ collection by the customer when the customer is deemed to have control of the goods. Deferred revenue relating to goods in transit at the period end is recognised as a contract liability.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Contract liabilities (continued)

Balances and movement in the period

| | At 24 April 2021 | At 25 April 2020 | At 28 April 2019 |
|----------------------|------------------|------------------|------------------|
| | £000 | £000 | £000 |
| Contract liabilities | 167 | 190 | 208 |
| | 167 | 190 | 208 |
| | | | |
| | At 24 April 2021 | At 25 April 2020 | |
| | £000 | £000 | |

Revenue recognised in the period from:

| | | |
|---|----|----|
| Amounts recognised in contract liabilities at the beginning of the period | 79 | 33 |
| | 79 | 33 |

The Company expects to recognise the revenue arising from contract liabilities over a period of 10 (2020: 10) years.

23. Leases

Company as a lessee

The Company leases stores for use in its operations.

The Company has adopted IFRS 16 Leases, during the period.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 28 April 2019. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 28 April 2019. The weighted average incremental borrowing rate applied to the lease liabilities at 28 April 2019 was 5.7%.

The following table presents the reconciliation of lease liabilities at 28 April 2019:

| | £000 |
|--|----------|
| Minimum lease payments under non-cancellable operating leases at 28 April 2019 | 52,753 |
| Discounted using the incremental borrowing rate at 28 April 2019 | (21,039) |
| Lease liabilities recognised at 28 April 2019 | 31,714 |

The Company has applied IFRS 16 using the modified retrospective method – i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 28 April 2019.

The Company has utilised a number of practical expedients available on first time adoption of IFRS 16, the expedients are set out below:

- a single discount rate has been applied to a portfolio of leases with reasonably similar characteristics; and
- initial direct costs have been excluded from the measurement of the right-of-use asset at the date of initial application.

The impact on the opening balance sheet is to recognise right-of-use asset and lease liabilities together with a reduction in other debtors, prepayments and accrued income, other payables, accruals and deferred income and provisions.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****23. Leases (continued)****Company as a lessee (continued)***Right-of-use assets*

| | Leasehold property |
|----------------------------|-----------------------|
| | £000 |
| As at 28 April 2019 | 29,686 |
| Charge for the period | (2,521) |
| Impairment | (4,040) |
| As at 25 April 2020 | 23,125 |
| Additions | 95 |
| Charge for the period | (1,904) |
| As at 24 April 2021 | 21,316 |

Leasehold property right-of-use assets are reviewed for impairment/ reversal of an impairment if events or changes in circumstances indicate that the carrying value may not be recoverable or that a previously recognised impairment loss may have reversed. When a review for impairment/ reversal of an impairment is conducted, the recoverable amount of an asset or a cash generating unit ("CGU") is based on the value in use calculation prepared using management assumptions and estimates. Identification of a CGU involves significant judgement regarding largely independent cash flows and geographical proximity of stores.

An impairment review of leasehold property right-of-use assets was carried out based on prevailing market trading conditions. The Company is largely dependent on city centre locations which have experienced a large footfall decline due to Covid-19. The recoverable amounts of assets were determined from value in use calculations that incorporated cash flow estimates, discounted at an appropriate pre-tax discount rate of 12.5%. Key assumptions for the value in use calculations were those regarding revenue, margin, operating costs and discount rate. The forecast assumptions, detailed in the going concern statement, reflect management's best estimates in the uncertain circumstances created by Covid-19 of revenue, margin, operating costs and discount rate over the forecast period and do not assume that there will be any further enforced lockdowns. The cash flow also includes assumptions on operating cost savings based on management experience and assumptions. The assets impaired totalled £nil (2020: £4,040,000).

Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

| | 2021 £000 | 2020 £000 |
|---|---------------|---------------|
| Balance at 25 April 2020/ 28 April 2019 | 31,770 | 31,714 |
| Additions | 89 | - |
| Accretion of interest | 1,754 | 1,754 |
| Payments | (432) | (1,698) |
| Non-cash reduction in lease liabilities arising from Covid-19 lease concessions | (66) | - |
| As at 24 April 2021/ 25 April 2020 | 33,115 | 31,770 |
| Current (Note 19) | 2,959 | 963 |
| Non-current (Note 19) | 30,156 | 30,807 |

The maturity analysis of lease liabilities is disclosed in Note 24.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****23. Leases (continued)****Company as a lessee (continued)**

The following are the amounts recognised in profit or loss:

| | 2021 | 2020 |
|---|--------------|--------------|
| | £000 | £000 |
| Depreciation expense of right-of-use assets | 1,904 | 2,521 |
| Impairment of right-of-use assets | - | 4,040 |
| Interest expense on lease liabilities | 1,754 | 1,754 |
| Variable lease payments (included in cost of sales) | (52) | 104 |
| Total amount recognised in profit or loss | 3,606 | 8,419 |

The Company had total cash outflows for leases of £452,000 (2020: £1,802,000) in the period.

24. Financial risk factors

The Company's business exposes it to certain financial risks, such as liquidity risk and credit risk. Further information about liquidity risk is also included under going concern on pages 5.

Liquidity risk

During the period under review the Company had sufficient funds and access to funding facilities from its parent undertaking, Bidco, available to satisfy its current requirements.

Analysis of the maturity profile of the Company's financial liabilities at 24 April 2021 and 25 April 2020 is shown below:

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | More than 5 years | Total |
|---------------------------------------|--------------|-----------------------|-------------------|---------------|----------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Trade and other payables | - | 1,499 | - | - | - | 1,499 |
| Amounts owed to group undertakings | 581 | - | - | - | - | 581 |
| Lease liabilities | 2,030 | 671 | 2,012 | 11,868 | 33,813 | 50,394 |
| At 24 April 2021 | 2,611 | 2,170 | 2,012 | 11,868 | 33,813 | 52,474 |
| Trade and other payables | | 1,004 | - | - | - | 1,004 |
| Amounts owed to group undertakings | 325 | - | - | - | - | 325 |
| Lease liabilities | 396 | 771 | 1,543 | 11,335 | 36,719 | 50,764 |
| At 25 April 2020 | 721 | 1,775 | 1,543 | 11,335 | 36,719 | 52,093 |

Credit risk

The Company's credit risk arises from its cash and outstanding receivables.

Due to the nature of the Company's retailing business, credit risk from trade receivables is limited. Allowances are made for doubtful debts based on the age of the debt and the customer's financial circumstances.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****24. Financial risk factors (continued)****Capital management**

During the period under review, the core objective of the Company was to ensure that it would be able to continue to operate as a going concern, as well as having sufficient funds available to grow the business for the benefit of its parent company and other stakeholders. The capital structure of the Company comprises cash and short-term deposits (see Note 18), borrowings through its intra-group facilities (see Note 17 and Note 21), interest bearing loans and borrowings (see Note 19) and equity attributable to the parent company (see Note 26).

25. Changes in liabilities arising from financing activities

Movements in the Company's net debt position are as follows:

| | At 25 April 2020 £000 | Cash flow £000 | Other non- cash changes £000 | At 24 April 2021 £000 |
|---|-----------------------------|-------------------|------------------------------------|-----------------------------|
| Current lease liabilities (Note 23) | (963) | 432 | (2,428) | (2,959) |
| Non-current lease liabilities (Note 23) | (30,807) | - | 651 | (30,156) |
| Total liabilities from financing activities | (31,770) | 432 | (1,777) | (33,115) |
| | At 28 April 2019 £000 | Cash flow £000 | Other non- cash changes £000 | At 25 April 2020 £000 |
| Current lease liabilities (Note 23) | (341) | 1,698 | (2,320) | (963) |
| Non-current lease liabilities (Note 23) | (31,373) | - | 566 | (30,807) |
| Total liabilities from financing activities | (31,714) | 1,698 | (1,754) | (31,770) |

The 'Other' column includes the effect of the reclassification of the non-current portion of lease liabilities to current lease liabilities due to the passage of time, the effect of accrued but not yet paid interest, the non-cash reduction in lease liabilities arising from Covid-19 concessions and the commencement and early termination of leases.

26. Issued share capital and reserves

| | No. | £000 |
|---|--------|------|
| Ordinary shares of £0.05 each, allotted and fully paid | | |
| At 24 April 2021 and 25 April 2020 | 28,016 | 1 |
| 'A' Ordinary shares of £0.05 each, allotted and fully paid | | |
| At 24 April 2021 and 25 April 2020 | 15,883 | 1 |
| | | 2 |

The Ordinary shares and the 'A' Ordinary shares rank pari passu as to dividend rights. The 'A' Ordinary shares rank behind the Ordinary shares on a winding up or other return of capital and do not generally entitle holders to receive notice of and/or to attend, vote and speak at general meetings.

Share premium

The share premium reserve is used to record any premium paid over nominal value on the issue of shares.

W. & G. FOYLE LIMITED**REPORT AND ACCOUNTS 2021****Company Number: 00945131****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****27. Related party transactions**

Transactions entered into with related parties during the period are as follows:

| | Net goods purchased from related party £000 | Services purchased from related party £000 | Amounts owed to related party £000 | Amounts owed by related party £000 |
|---|---|---|---|---|
| <i>With fellow subsidiary undertakings:</i> | | | | |
| Waterstones Booksellers Limited | | | | |
| Period ended 24 April 2021 | 3,864 | 826 | 581 | 614 |
| Period ended 25 April 2020 | 5,874 | 601 | 325 | - |
| <i>With immediate parent undertaking:</i> | | | | |
| Book Retail Bidco Limited | | | | |
| Period ended 24 April 2021 | - | - | - | 1,763 |
| Period ended 25 April 2020 | - | - | - | 1,763 |

See Notes 17 and 21 for details of the terms and conditions relating to the related party balances.

Remuneration of key management personnel

The remuneration of the key management personnel of the Company is set out below.

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Short term employment benefits | 25 | 26 |
| Post employment benefits | 1 | - |
| Total compensation paid to key management personnel | 26 | 26 |

28. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the Company is Bidco and the ultimate parent company is Book Retail Investco Limited (incorporated in Jersey). Book Retail Investco Limited is wholly owned and controlled by the Elliott funds. The Elliott funds receive investment advice from their investment manager Elliott Investment Management, L.P., incorporated in Delaware, U.S.A., and its affiliates.

The largest group, including the Company, for which consolidated accounts are prepared is that headed by Book Retail Midco Limited, the smallest group is that headed by Bidco. Copies of the financial statements for both of these companies can be obtained from the Company Secretary, 203-206 Piccadilly, London, W1J 9HD.