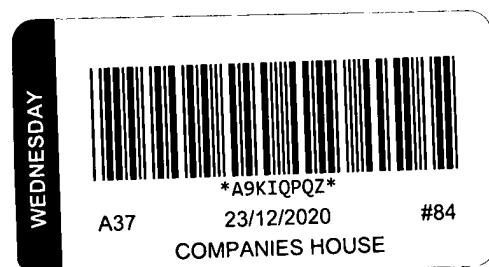


Registered number 04090249

BMB Clothing Limited
Annual Report and Financial Statements
for the year ended 1 February 2020



BMB Clothing Limited

Annual report and financial statements for the year ended 1 February 2020

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BMB Clothing Limited

Strategic report for the year ended 1 February 2020

The Directors present their strategic report on the company for the year ended 1 February 2020.

Results and dividends

The company's loss before taxation for the financial year was £316,000 (2019: £3,081,000) with sales of £89,938,000 (2019: £100,720,000). Net liabilities at the year end date were £9,747,000 (2019: £9,331,000). The directors do not recommend the payment of a dividend (2019: £nil).

The smallest group of undertakings to consolidate these financial statements is Baird Group (Holdings) Limited, hereafter referred to as 'the group'.

Business review

Trading

Trading conditions continued to be challenging in Europe and UK retail markets, driven by changes in consumer habits and a sustained low level of consumer confidence.

Turnover declined 10.7% during the year, predominantly due to a reduction in the number of Debenhams concessions, arising from Debenhams PLC entering into a CVA in April 2019. However, this enabled the company to redirect efforts to other channels, including wholesale and ecommerce, which resulted in gross margin increasing 2.6 percentage points to 41.2% (2019: 38.6%).

The company has continued to invest in the Ben Sherman brand by extending the licence for Europe for a further four years to 2024, and opening stores in Germany, the Netherlands and Austria. It is anticipated that this will be a key area for growth over the next financial year.

Financing

As forecasted last year in the annual business plan, and consistent with 2019, the company has breached a covenant on its banking facilities with its primary lender during the financial period. The breach has resulted in the maturity of the debt being classified as repayable on demand as at the year end.

The primary debt is held with Qatar Islamic Bank (QIB) and comprises of a 5 year term loan of £8m and a 12 monthly renewable revolving working capital facility of £12m. The 5 year term loan with QIB which expires in 2022 had a year end balance of £3.6m (2019: £5.3m) with all capital repayments made in line with the repayment schedule.

After considering the financial covenant breach and reviewing the business plans for the next 12 months, which addresses the financial covenant breach, QIB have renewed the £12m working capital facility for a further 12 months period to the end of September 2021.

At the date of signing the financial statements, the business has 11 months remaining on the renewable revolving working capital facility.

Key performance indicators (KPIs)

The company uses a range of performance measures to monitor and manage the business effectively. The key financial performance indicators used are turnover, gross profit and margin and average stock turn.

In common with most major retailers, these KPIs are monitored and measured regularly, by individual store and by product type. The importance of the company's electronic point of sale systems is paramount in the capture and analysis of this data. This enables the retail offer to be aligned to the local market in order to maximise gross profit. The same KPIs are used to monitor the wholesale division.

BMB Clothing Limited

Strategic report for the year ended 1 February 2020 (continued)

The key performance indicators for the company for the year ended 1 February 2020, with comparatives for the preceding year are set out below:

	Year ended 1 February 2020	Year ended 2 February 2019
Turnover (£m)	89.9	100.7
Gross profit (£m)	37.1	38.9
Gross margin (%)	41.2	38.6
Average stock turn (weeks)	25.1	22.3

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the general economy and retail environment in which it trades, the success of its host stores within which it trades, continuity of supply of product at acceptable margins, retention of skilled employees and increases in employment and host store costs. The company works closely with its suppliers and customers to minimise these risks. The company maintains a wide variety of brands, positioned differently in the market, to suit a wide variety of customer requirements. This allows the company to meet the needs of a diversity of customers, avoids brand conflicts, and reduces risk.

The company maintains its Human Resource strategies to support the development of people including team briefings and the performance review process across all locations.

The people management strategies are designed to ensure that everyone has appropriate and fair access to the support they need and there is equality of opportunity for people to learn and develop in order to improve their performance. Every employee has a one to one meeting with their manager at least twice a year to facilitate this.

Future outlook

In March 2020 the global COVID-19 pandemic began to impact the UK and Europe, and sudden, profound government measures were introduced which resulted in mandatory store closures lasting almost three months. Demand for clothing - in particular formalwear - reduced to unprecedented low levels and in May 2020 consumer confidence fell to the lowest level in over a decade.

As a result of the immediate reduction in revenues, combined with committed expenses for stock, fixed overhead and employee costs, the Company entered into a Company Voluntary Arrangement ("CVA") on 11 August 2020. The CVA enabled the Company to re-align the store portfolio and supply-chain to accommodate an omni-channel retail business and ensured agility in extremely challenging trading conditions.

Despite the sustained influence of COVID-19 and the government measures imposed as a result, the business is poised for growth. In September 2020 BMB Clothing acquired the licence for Ted Baker formalwear and is excited to launch the SS21 range which will be sold across all channels. The company is also expanding its store portfolio; six new Suit Direct stores have opened on UK High Streets at the date of signing, with further additions under the Suit Direct and Ben Sherman fascia's planned in the financial year. New leases are short-term and have flexible commercial terms.

BMB Clothing Limited

Strategic report for the year ended 1 February 2020 (continued)

Financial risk management and policies

The company's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, credit risk, liquidity risk and interest rate risk. The company manages these risks and seeks to limit the adverse effects on the financial performance of the company. Exchange risks are controlled by monitoring levels of currency requirements and, where risks are considered material, rates are protected using foreign exchange forward contracts. Credit risks are controlled through a credit assessment procedure on all new customers and the close monitoring of payments by existing customers. Liquidity risks are controlled by a policy of balancing payment terms with stock holding and debtor terms where applicable and regular forecasting is undertaken to establish the future adequacy of its finance facilities.

The company continues to monitor the future effects of rate changes and to date these risks have not been considered material and no specific actions have been taken. The company has a risk management assessment programme which seeks to identify and address major commercial and financial risks.

Directors' duties under s172 of the UK Companies Act 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a general set of duties. These duties are detailed in s172 of the UK Companies Act 2006. The following paragraphs summarise how the Directors fulfil their duty to promote the success of the Company and in doing so have regard to:

Business Relationships

We have a key focus on developing and maintaining strong customer relationships through delivery of outstanding service. We value all our suppliers, many of whom we have been in partnership with for many years, and commit to engaging responsibly and fairly at all times. It is the policy of the Company to pay suppliers promptly to agreed terms.

Community and Environment

The Company actively considers the impact of its operations on the community and environment, targeting sustainability and environmental improvements wherever possible.

Shareholders

The Company is a member of the Baird Group (Holdings) Limited. The strategy and objectives of the Group are deployed through the Company via the annual budget setting process and long-term plan, which seek to align the goals of the Company with those of the Group and shareholders, and to ultimately promote the long-term growth and success of the business.

Our People and Values

Details about how the directors involve employees and promote success can be found in the Directors Report.

On behalf of the Board


Mark cotter (Dec 16, 2020 14:50 GMT)

Mark Cotter

Director

16 December 2020

BMB Clothing Limited

Directors' report for the year ended 1 February 2020

The directors present their annual report and the audited financial statements of the company for the year ended 1 February 2020.

Principal activities

The company's principal activity is as a retailer and wholesaler of men's formal and casual clothing in the United Kingdom and internationally through stores, concessions and the internet. The results of all of these operations are incorporated within these financial statements.

Future developments

Future developments for the company are discussed within the Strategic Report on page 2.

Results and dividends

The company's loss before taxation for the financial year was £316,000 (2019: £3,081,000) with sales of £89,938,000 (2019: £100,720,000). Net liabilities at the year end date were £9,747,000 (2019: £9,331,000). The directors do not recommend the payment of a dividend (2019: £nil).

Financial instruments

Forward contracts are entered into up to 12 months in advance to minimise the exposure of the company to exchange rate fluctuations. The financial risk management policies of the company are discussed within the Strategic Report on page 3.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are given below:

Mark Cotter

Nicholas Scott

Luke Banks (resigned 27 January 2020)

Mohamed Talaat Mohamed Khalifa

Mohamed Ahmed Elsayed Morsy

Hala Hashem

Employees

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

BMB Clothing Limited

Directors' report for the year ended 1 February 2020 (continued)

Employees involvement

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its future performance. The company encourages the involvement of employees by means of regular update meetings and communication to the retail teams through 'team talk', via a weekly intranet update for all Head Office staff and via Employee Representative meetings covering all the different sites making up the company.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

The directors 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.

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

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

BMB Clothing Limited

Directors' report for the year ended 1 February 2020 (continued)

Going concern

The company has net liabilities of £9,747,000 (2019: £9,331,000) and net current liabilities of £16,241,000 (2019: £15,995,000); however, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Al Arafa for Investments and Consultancies SAE ('Arafa'), a company incorporated in Egypt.

Included within current liabilities is £31,108,000 (2019: £28,704,000) due to Swiss Garments Company, a company under common ownership, incorporated in Egypt. The directors have obtained a letters from the directors of Swiss Garments Company and the directors of Arafa, confirming that continuing financial support will be provided to the company for the foreseeable future, and in any case to a date not earlier than twelve months following the date of approval of these financial statements.

As set out in the Strategic Report on page 2, the company announced the approval of a Company Voluntary Arrangement ("CVA") on 11 August 2020, further details of which are given in note 26 (post balance sheet events). As part of the CVA proposal, 3 year forecasts were presented which had been subject to stringent sensitivity analysis based on possible future events.

The CVA gave rise to a credit of £24,160,000 subsequent to the balance sheet date, primarily as a result of compromising certain creditors, and will provide cost savings of £4,593,000 as a result of store closures. This will enable the company to generate sufficient cash through its operating activities to meet its working capital and other cash requirements.

At the year end the company breached a covenant on its banking facilities with its primary lender. The breach has resulted in the maturity of the debt being classified as repayable on demand as at the year end. The primary debt is held with Qatar Islamic Bank (QIB) and comprises of a 5 year term loan of £8m and a 12 monthly renewable revolving working capital facility of £12m. The 5 year term loan with QIB which expires in 2022 had a year end balance of £3.6m (2019: £5.3m) with all capital repayments made in line with the repayment schedule. After considering the financial covenant breach and understanding the business plans for the business over the next 12 months and 36 months, QIB have renewed the £12m working capital facility for a further 12 month period to the end of September 2021. At the date of signing the financial statements, the company has 9 months on the renewable revolving working capital facility remaining. The directors are in regular communication with QIB and based on current discussions and past experience, it is expected that the working capital facility will be renewed again in September 2021. Forecasts indicate that the financial covenant will not be breached in the year to January 2021.

Accordingly, the directors of the company are of the view the going concern assumption is appropriate for the preparation of the financial statements of the company. The financial statements do not include the adjustments that would be required if the company was unable to continue as a going concern.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

BMB Clothing Limited

Directors' report for the year ended 1 February 2020 (continued)


Disclosure of information to auditors

The directors are also required to provide the company's auditors with all relevant audit information to enable them to complete their audit. So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The independent auditors, Mazars LLP, have indicated their willingness to continue in office.

On behalf of the Board


Mark cotter (Dec 16, 2020 14:50 GMT)

Mark Cotter

Director

16 December 2020

BMB Clothing Limited

Independent auditor's report to the members of BMB Clothing Limited

Opinion

We have audited the financial statements of BMB Clothing Limited (the 'Company') for the year ended 1 February 2020 which comprise the Profit and Loss account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 February 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the Company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 2, and the consideration in the going concern basis of preparation on page 6 and non-adjusting post balance sheet events on page 42.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK and other economies which the Company operate within.

The impact of COVID-19 continues to evolve and, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that adopting the going concern basis for preparation of the financial statements is appropriate.

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.

BMB Clothing Limited

Independent auditor's report to the members of BMB Clothing Limited (continued)

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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.

BMB Clothing Limited

Independent auditor's report to the members of BMB Clothing Limited (continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit 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.



Shaun Mullins (Dec 17, 2020 23:21 GMT)

Shaun Mullins (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor

3 Wellington Place

Leeds

LS1 4AP

Date: Dec 17, 2020

BMB Clothing Limited

Profit and loss account for the year ended 1 February 2020

		Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
	Note		
Turnover	1	89,938	100,720
Cost of sales		(52,850)	(61,866)
Gross profit		37,088	38,854
Distribution costs		(29,923)	(32,441)
Administrative expenses (excluding exceptional expenses)		(6,214)	(7,110)
Exceptional administrative expenses	7	-	(1,197)
Total administrative expenses		(6,214)	(8,307)
Other operating income		-	55
Operating profit/(loss)	2	951	(1,839)
Interest payable and similar expenses	6	(1,367)	(1,341)
Interest receivable and similar income		100	99
Loss before taxation		(316)	(3,081)
Tax on loss	8	20	(150)
Loss for the financial year	21	(296)	(3,231)

All items dealt with in arriving at operating profit/(loss) above relate to continuing operations.

BMB Clothing Limited

Statement of comprehensive income for the year ended 1 February 2020

		Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
	Note		
Loss for the financial year		(296)	(3,231)
Actuarial gain/(loss) recognised in the pension scheme	14	393	(329)
Release of surplus pension asset that can be recognised	14	-	3,241
Movement on deferred tax relating to pension surplus	18	(247)	(549)
Movement on deferred tax relating to cash flow hedge reserve	18	61	(380)
Change in value of hedging instrument	21	(327)	2,000
Total comprehensive (expense)/income for the year		(416)	752

Statement of changes in equity for the year ended 1 February 2020

	Called up share capital £'000	Cash flow hedge reserve £'000	Accumulated losses £'000	Shareholders' deficit £'000
Balance at 3 February 2018	-	(1,588)	(8,495)	(10,083)
Loss for the financial year	-	-	(3,231)	(3,231)
Other comprehensive expense	-	1,620	2,363	3,983
Total comprehensive income/(expense) for the year	-	1,620	(868)	(9,331)
Balance at 2 February 2019	-	32	(9,363)	(9,331)
Loss for the financial year	-	-	(296)	(296)
Other comprehensive (expense)/income	-	(266)	146	(120)
Total comprehensive expense for the year	-	(266)	(150)	(416)
Balance at 1 February 2020	-	(234)	(9,513)	(9,747)

BMB Clothing Limited

Balance sheet as at 1 February 2020

	Note	1 February 2020 £'000	2 February 2019 (Restated) £'000
Fixed assets			
Intangible assets	9	9,640	9,575
Tangible assets	10	2,043	2,778
Investments	11	1,100	1,100
		12,783	13,453
Current assets			
Stocks	12	25,507	27,453
Debtors	13	20,604	20,395
Cash at bank and in hand		1,250	2,243
Debtors due after more than one year:			
Post-employment benefits	14	4,514	3,589
		51,875	53,680
Creditors; amounts falling due within one year	15	(68,116)	(69,675)
Net current liabilities		(16,241)	(15,995)
Total assets less current liabilities		(3,458)	(2,542)
Creditors; amounts falling due after more than one year	16	(5,933)	(6,212)
Provisions for liabilities	18	(356)	(577)
Net liabilities		(9,747)	(9,331)
Capital and reserves			
Called up share capital	20	-	-
Cash flow hedge reserve	21	(234)	32
Accumulated losses	21	(9,513)	(9,363)
Total shareholders' deficit		(9,747)	(9,331)

The notes of pages 21 to 43 are an integral part of these financial statements.

The financial statements on pages 11 to 43 were approved by the board of directors on 16 December 2020 and were signed on its behalf by:

Mark cotter
Mark cotter (Dec 16, 2020 14:50 GMT)

Mark Cotter
Director

BMB Clothing Limited
Registered number 04090249

BMB Clothing Limited

Accounting policies

Basis of accounting

These financial statements have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

The company is a private company limited by shares and incorporated and domiciled in United Kingdom. The address of the registered office is Granary Building, 1 Canal Wharf, Leeds, West Yorkshire, LS11 5BB, England, UK.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention with financial instruments measured at fair value.

The Triennial Review 2017 is applicable for accounting periods commencing on or after 1 January 2019. On adoption of the Triennial Review, no material differences to the Company's previous accounting policies were identified that would affect equity or profit and loss.

The company has taken advantage of the exemptions in its individual financial statements from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a) (iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures.

Going concern

The company has net liabilities of £9,747,000 (2019: £9,331,000) and net current liabilities of £16,241,000 (2019: £15,995,000); however, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Al Arafa for Investments and Consultancies SAE ('Arafa'), a company incorporated in Egypt.

Included within current liabilities is £31,108,000 (2019: £28,704,000) due to Swiss Garments Company, a company under common ownership, incorporated in Egypt. The directors have obtained a letters from the directors of Swiss Garments Company and the directors of Arafa, confirming that continuing financial support will be provided to the company for the foreseeable future, and in any case to a date not earlier than twelve months following the date of approval of these financial statements.

As set out in the Strategic Report on page 2, the company announced the approval of a Company Voluntary Arrangement ("CVA") on 11 August 2020, further details of which are given in note 26 (post balance sheet events). As part of the CVA proposal, 3 year forecasts were presented which had been subject to stringent sensitivity analysis based on possible future events.

The CVA gave rise to a credit of £24,160,000 subsequent to the balance sheet date, primarily as a result of compromising certain creditors, and will provide cost savings of £4,593,000 as a result of store closures. This will enable the company to generate sufficient cash through its operating activities to meet its working capital and other cash requirements.

BMB Clothing Limited

Accounting policies (continued)

Going concern (continued)

At the year end the company breached a covenant on its banking facilities with its primary lender. The breach has resulted in the maturity of the debt being classified as repayable on demand as at the year end. The primary debt is held with Qatar Islamic Bank (QIB) and comprises of a 5 year term loan of £8m and a 12 monthly renewable revolving working capital facility of £12m. The 5 year term loan with QIB which expires in 2022 had a year end balance of £3.6m (2019: £5.3m) with all capital repayments made in line with the repayment schedule. After considering the financial covenant breach and understanding the business plans for the business over the next 12 months and 36 months, QIB have renewed the £12m working capital facility for a further 12 month period to the end of September 2021. At the date of signing the financial statements, the company has 9 months on the renewable revolving working capital facility remaining. The directors are in regular communication with QIB and based on current discussions and past experience, it is expected that the working capital facility will be renewed again in September 2021. Forecasts indicate that the financial covenant will not be breached in the year to January 2021.

Accordingly, the directors of the company are of the view the going concern assumption is appropriate for the preparation of the financial statements of the company. The financial statements do not include the adjustments that would be required if the company was unable to continue as a going concern.

Cash flow statement

The company is a wholly owned subsidiary of Baird Group (Holdings) Limited and is included in the consolidated financial statements of Baird Group (Holdings) Limited, which are publicly available. Consequently, the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Baird Group (Holdings) Limited, includes the company's cash flows in its own consolidated financial statements.

Consolidated financial statements

The company is a wholly owned subsidiary of Baird Group (Holdings) Limited. It is included within the financial statements of Baird Group (Holdings) Limited which are publicly available. Therefore, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are the company's separate financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost, together with any incidental expenses of acquisition, less accumulated depreciation.

At each balance sheet date, the company reviews the carrying value of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Short leasehold properties	10 years or over the lease term
Plant and machinery	4 to 10 years
Fixtures and fittings	3 to 10 years

BMB Clothing Limited

Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

The company considers individual stores to be one cash generating unit for the purposes of impairment calculations and the related assets of a particular store are reviewed each balance sheet date to determine if there is any indication of impairment.

Recoverable amount is the higher of the fair value of the assets less costs to sell and the value in use. In assessing the value in use of a store cash generating unit, the estimated future cash flows are discounted to their present value.

If the recoverable amount is estimated to be less than the carrying amount, the carrying amount of the store cash generating unit is reduced to the recoverable amount. An impairment loss is recognised as an expense immediately in the profit and loss account in the financial year in which it arises.

Goodwill

Goodwill arising on acquisition of subsidiary undertakings and businesses is included in fixed assets and represents the difference between the fair value of the assets acquired and the fair value of the consideration given plus associated acquisition costs. Goodwill is capitalised and amortised through the profit and loss over its useful life which is normally up to 20 years.

Goodwill is reviewed for impairment at the end of the first full year after acquisition and in other years if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment assessed is charged to the profit and loss account.

Business combinations

Business combinations are accounted for by applying the purchase method.

On acquisition of a business, fair values are attributed to the identifiable assets, customer relationships and licence agreements. Where the cost of the business combination exceeds the fair value of the company's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The company, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and releases this to profit and loss, up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the profit and loss account over the period expected to benefit.

Goodwill is amortised over its expected useful life. Where the company is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Intangible assets and amortisation

Purchased intangible assets are capitalised at original purchase cost, together with any incidental expenses of acquisition. These assets are amortised through the profit and loss account over the shorter of 10 years and the useful economic life. For details of the impairment assessment, refer to tangible fixed assets and depreciation accounting policy above.

Investments in subsidiary undertakings

The cost of investments in subsidiary undertakings is recorded as cash paid and any further costs connected with the acquisition. Provision is made where necessary to reduce the carrying value of an investment to its estimated recoverable amount where in the opinion of the directors there has been an impairment.

BMB Clothing Limited

Accounting policies (continued)

Foreign currencies

The company's functional and presentation currency is pound sterling. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currency are translated at the agreed contractual rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Leases

Leasing agreements and hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset ("finance leases") are treated as if the asset had been purchased outright. Assets held under such agreements are included in fixed assets and the capital element of commitments is shown as obligations under finance leases. Payments under such agreements are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account over the primary lease period in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

All other leases are treated as operating leases, the costs of which are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a FIFO basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Net realisable value is based on estimated selling price less further costs to be incurred to completion and disposal. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Pensions

The company operates a defined benefit pension scheme for the benefit of certain number of its employees, the assets of which are held separately from those of the company in independently administered funds. The fund is valued every three years by a professionally qualified actuary, the rates of contribution being determined by the actuary.

A credit representing the expected return on the assets of the scheme during the year is included within other finance income. This is based on the market value of the assets of the scheme at the start of the financial year. A charge within other finance charges represents the expected increase in liabilities of the scheme during the year. This arises from the liabilities of the scheme being one year closer to payment.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet. Differences between actual and expected returns on assets are recognised in the statement of total comprehensive income in the year, together with differences arising from changes in assumptions and experience gains and losses.

Where a surplus in the pension arises, this is limited as appropriate in line with FRS 102 by considering the realisable amount, being which the employer could use to generate future economic benefits. The surplus is limited in the balance sheet and the actuarial gains are reduced in the statement of comprehensive income in the year as appropriate.

The company also operates a defined contribution pension scheme which employees are eligible to join after completing three months service. The costs relating to this scheme are charged to the profit and loss account as they fall due.

BMB Clothing Limited

Accounting policies (continued)

Pensions (continued)

Contributions are also made to the personal pension plans of certain employees. The expenditure is charged to the profit and loss account as incurred.

Pension contributions are paid by the company on behalf of other companies within the group.

Post-retirement benefits

The company provides no other post-retirement benefits to its employees.

Revenue recognition

Turnover comprises the value of goods and services supplied to third parties, before concession fees and excluding value added tax, trade discounts, commissions and other amounts receivable in return for performance under contractual arrangements. The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that the future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the company's sales channels have been met, as described below.

(i) Sale of goods – retail

The company operates retail shops for the sale of a range of branded products. Sales of goods are recognised on sale to the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or payment card. Sales are made to retail customers with a right to return within 28 days, subject to certain conditions regarding usage. Accumulated experience is used to estimate and provide for such returns at the point of sale.

(ii) Sale of goods – internet

The company sells goods via its websites for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory is passed to the customer, which is the point of despatch of goods from the warehouse. Transactions are settled by credit card, payment card or PayPal.

(iii) Sale of goods – concessions

The company has entered into a number of concession agreements with various high street stores. The company receives a fixed percentage based on the concessions' revenue. The revenue is recognised on an accrual's basis.

(iv) Income from licensees

Certain brands and product categories have been licenced to third parties. Fees are charged for the use of the rights granted by the agreement and are recognised as the rights are used.

(v) Sale of goods – wholesale

For wholesale sales, turnover is recognised once the title of the relevant goods has passed. Certain wholesale sales are made under retention of title until the payment is passed.

Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the profit and loss account on a straight line basis over the term of the borrowings.

BMB Clothing Limited

Accounting policies (continued)

Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying current economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted where necessary to represent the best current estimate.

Taxation and deferred taxation

The charge for taxation is based on the results for the financial year. Deferred taxation has been recognised as a liability or asset if transactions have occurred by the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Financial instruments

The company uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates. The instruments are used to hedge future exposures (e.g. forward currency contracts) and these are disclosed in the financial statements. For those that relate to current exposures, the underlying exposure (e.g. trade creditor liability) is accounted for at the contract rate. Changes in the fair values of the derivatives are recognised directly in equity through the cash flow hedge reserve. It is recycled to the profit and loss account when the hedge relationship expires.

Other operating income

Other operating income comprises commission and compensation receivable, supplier fines receivable, royalties' receivable and income from the sale of brands.

Royalty payable

Royalty payable comprises amounts paid and due to licensors in line with any contracted licence agreements in place for brands used within the company.

BMB Clothing Limited

Accounting policies (continued)

Critical accounting judgements and estimation uncertainty

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

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) *Impairment calculations*

The company considers whether non-current assets on the balance sheet are impaired. Where an indication of impairment is identified, the estimation of recoverable values requires judgement of the recoverable value of the cash generating units. This requires estimation of the future cash flows from the cash generating units and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. Impairment reviews were performed in respect of tangible and intangible assets held at 1 February 2020. Upon review the value of any impairment was considered immaterial and no impairment charge was incorporated into the financial statements.

(ii) *Provisions*

Provision is made for dilapidations. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. The provision as at the year end was £188,000 (2019: £149,000).

Management reviews the store portfolio for onerous property lease contracts where the company believes that the unavoidable costs of meeting the lease obligations exceed the economic benefits until the end of the lease. These provisions are based on management's best estimate of the liability at the balance sheet date, the actual liability being dependant on future events such as economic conditions and marketplace demand. There has been a credit recognised in this financial year in relation to loss making stores of £239,000 (2019: expense of £428,000).

Provision is made for inventory. Net realisable value is the selling price of inventory in the ordinary course of business less estimated selling costs. Provision is made for the estimated obsolescence of old seasons' lines based on historical margin trends. The provision as at the year end was £474,000 (2019: £602,000).

(iii) *Defined benefit pension scheme (note 14)*

The company has obligations to pay pension benefits to certain current and former employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet; an actuary has been engaged to assist management in making these estimates. The assumptions reflect historical experience and current trends.

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020

1 Turnover

	Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
Geographical analysis of turnover by destination		
United Kingdom	83,758	92,525
Rest of Europe	3,580	6,033
North America	823	899
Rest of the World	1,777	1,263
	89,938	100,720

	Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
Business activity analysis		
Retail	56,401	67,955
Internet	9,579	10,064
Wholesale	23,958	22,701
	89,938	100,720

Analyses by business activity are based on the company's management structure. Geographical analysis is based on the country in which the customer is located.

Net assets and net profit per segment have not been disclosed in the financial statements as the company utilises the same assets and cost base for all business and geographic segments.

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

2 Operating profit/(loss)

	Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of tangible assets (note 10)		
- owned assets	1,250	1,339
Amortisation of goodwill (note 9)	146	159
Amortisation of other intangible assets (note 9)	2,397	2,272
Amortisation of negative goodwill (note 9)	(504)	(504)
Operating lease charges	5,322	5,594
Loss on disposal of fixed assets	-	10
Impairment of trade receivables	34	95
Royalty income	(123)	(171)
Royalty payable	2,900	2,790
Foreign exchange gain	(114)	(160)
Services provided by the company's auditors		
- fees payable for the audit	68	95
- fees payable for other services	-	-

BMB Clothing Limited

Notes to the Financial Statements for the year ended 1 February 2020 (continued)

3 Directors' emoluments

	Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
Aggregate emoluments	619	618
Company contributions to money purchase pension schemes	29	29
	648	647

Three directors (2019: three) have retirement benefits accruing under a money purchase pension scheme.

	Year ended 1 February 2020 £'000	Year Ended 2 February 2019 £'000
Highest paid director		
Aggregate emoluments	326	325
Company contributions to money purchase pension schemes	26	26
	352	351

4 Employee costs

	Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
Wages and salaries	16,620	18,443
Social security costs	1,469	1,606
Other pension costs	335	337
	18,424	20,386

BMB Clothing Limited

Notes to the Financial Statements for the year ended 1 February 2020 (continued)

5 Employee information

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

By activity:	Year ended 1 February 2020 Number	Year ended 2 February 2019 Number
Production	2	6
Selling and Distribution	715	818
Administration	96	110
	813	934

6 Interest payable and similar expenses

	Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
Interest payable on bank loans and overdrafts	1,327	1,308
Other interest payable	40	33
Total interest payable and similar expenses	1,367	1,341

7 Exceptional administrative expenses

	Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
Restructuring costs	-	488
House of Fraser bad debt write off	-	459
Defined benefit pension scheme GMP equalisation	-	250
Total exceptional administrative expenses	-	1,197

These exceptional costs would not be expected to repeat in future years.

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

8 Tax on loss

The taxation (credit)/charge based on the loss before taxation comprises:

	Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
Current tax:		
Adjustments in respect of previous years	-	(3)
Total current tax (credit)/charge	-	(3)
Deferred tax:		
Origination and reversal of timing differences	134	47
Adjustments in respect of previous years	(154)	106
Total deferred tax	(20)	153
Tax (credit)/charge on loss	(20)	150

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

8 Tax on loss (continued)

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below.

	Year ended 1 February 2020 £'000	Year ended 2 February 2019 £'000
Loss before taxation	(315)	(3,081)
Loss multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	(60)	(585)
Effects of:		
Permanent differences	(52)	(17)
Current year tax losses not utilised	246	652
Impact of change in rate	-	(5)
Adjustments in respect of previous years – corporation tax	-	(3)
Adjustments in respect of previous years – deferred tax	10	(55)
Adjustments in respect of previous years – impact of change in rate on deferred tax	(164)	163
Total tax (credit)/charge for the year	(20)	150

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

A change to the main UK corporation tax rate was substantively enacted as part of the Finance Bill 2020 (on 17 March 2020). The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Closing deferred tax balances have therefore been valued at 19%.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The company did not recognise deferred income tax assets in respect of losses that can be carried forward against future taxable income of £890,000 (2019: £585,000).

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

9 Intangible assets

	Brand Trade Marks, Licences & Customer Relationships	Software	Goodwill	Negative Goodwill	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 3 February 2019	15,972	373	3,037	(3,407)	15,975
Additions	1,636	468	-	-	2,104
At 1 February 2020	17,608	841	3,037	(3,407)	18,079
Accumulated amortisation					
At 3 February 2019	6,916	-	1,971	(2,487)	6,400
Charge for the year	2,219	178	146	(504)	2,039
At 1 February 2020	9,135	178	2,117	(2,991)	8,439
Net book amount					
At 1 February 2020	8,473	663	920	(416)	9,640
At 2 February 2019	9,056	373	1,066	(920)	9,575

The directors believe that the carrying value of the intangible assets is supported by their future trading plans.

As part of signing the Ben Sherman licence deal on 1 February 2016, the net book value of the assets acquired exceeded the value of the cash consideration which created negative goodwill. The negative goodwill is being amortised over the life of the licence.

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

10 Tangible assets

	Short leasehold properties	Plant and machinery	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 3 February 2019	798	2,016	11,178	13,992
Additions	34	164	317	515
At 1 February 2020	832	2,180	11,495	14,507
Accumulated depreciation				
At 3 February 2019	784	1,654	8,776	11,214
Charge for the year	17	211	1,022	1,250
At 1 February 2020	801	1,865	9,798	12,464
Net book amount				
At 1 February 2020	31	315	1,697	2,043
At 2 February 2019	14	362	2,402	2,778

The net book value of assets held under finance leases, included above, are as follows:

	1 February 2020	2 February 2019
	£'000	£'000
Fixtures and fittings	113	-

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

11 Investments

Fixed asset investments

Investment in subsidiaries						
£'000						
Carrying value						
At 2 February 2019 and 1 February 2020						
1,100						

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

11 Investments (continued)

The company is a wholly owned subsidiary of BMB Group Limited, a company registered in England and Wales, and thus under section 400 of the Companies Act 2006 is exempt from producing consolidated financial statements.

The directors believe that the carrying value of the investments is supported by their expected future trading. The carrying value of investments in dormant companies is supported by the net assets of the companies.

12 Stocks

	1 February 2020	2 February 2019
	£'000	£'000
Raw materials and consumables	108	62
Finished goods and goods for resale	25,399	27,391
	25,507	27,453

In the opinion of the directors, the replacement value of inventories does not differ materially from the book value. Inventories are stated after provisions for impairment of £474,000 (2019: £602,000).

BMB Clothing Limited

13 Debtors

	1 February 2020 £'000	2 February 2019 £'000
Amounts falling due within one year:		
Trade debtors	9,567	8,317
Amounts owed by group undertakings	8,193	8,068
Derivative financial instruments (note 19)	-	32
Other debtors	903	841
Prepayments and accrued income	1,379	2,348
Total amounts falling due within one year	20,042	19,606
Amounts falling due after more than one year:		
Deferred tax asset (note 18)	562	789
Total amounts falling due after more than one year	562	789
Total debtors	20,604	20,395

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

Trade debtors are stated after provisions for impairment of £76,000 (2019: £27,000).

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

14 Post-employment benefits

The company operates a defined benefit scheme with assets held in a separately administered fund. In addition, some employees are members of a defined contribution scheme.

Defined benefit scheme

The defined benefit scheme is called the BMB Group Pension Scheme. The pension cost in relation to the BMB Group Pension Scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of the scheme was performed as at 31 March 2019.

The results of the valuation were updated to 1 February 2020 in accordance with FRS102 by a qualified actuary. The major assumptions used by the actuary were:

	1 February 2020	2 February 2019
Rate of increase in pensionable salaries	3.40%	3.70%
Pension increases	2.80%	3.20%
Discount rate	1.70%	2.60%
Inflation assumption	2.90%	3.20%

The mortality assumptions used were as follows:

	1 February 2020 Years	2 February 2019 Years
Longevity at age 65 for current pensioners		
- Men	21.8	22.0
- Women	24.1	23.9
Longevity at age 65 for future pensioners		
- Men	23.2	23.4
- Women	25.5	25.4

At the 1 February 2020, the market value of the assets of the scheme was £32,129,000 (2019: £28,730,000) and was more than sufficient to cover all of the benefits that had accrued to members, after allowing for future increases in earnings. The company has made additional contributions of £490,000 in the year to 1 February 2020 (2019: £533,000). The company expects to pay contributions of £105,000 in the year to 30 January 2021.

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

14 Post-employment benefits (continued)

The assets in the scheme and the expected rates of return were:

	Weighting at 1 February 2020 %	Value at 1 February 2020 £'000	Weighting at 2 February 2019 %	Value at 2 February 2019 £'000
Equities	29%	9,418	30%	8,619
Government bonds	19%	6,164	19%	5,459
Corporate bonds	20%	6,464	19%	5,459
Diversified growth & real return funds	30%	9,484	30%	8,619
Cash	2%	599	2%	574
Total market value of assets		32,129		28,730
Present value of scheme liabilities		(27,615)		(25,141)
Surplus in scheme		4,514		3,589

Reconciliation of the present value of the scheme liabilities

	1 February 2020 £'000	2 February 2019 £'000
At the start of the year	25,141	25,427
Current service cost	55	66
Contributions by plan participants	12	16
Interest cost	639	649
Benefits paid	(1,136)	(1,055)
Past service cost	-	250
Actuarial losses/(gains)	2,904	(212)
At the end of the year	27,615	25,141

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

14 Post-employment benefits (continued)

Reconciliation of the fair value of scheme assets

	1 February 2020 £'000	2 February 2019 £'000
At the start of the year	28,730	29,029
Expected return on scheme assets	739	748
Contributions by plan participants	12	16
Contributions paid by employer	490	533
Benefits paid	(1,136)	(1,055)
Administration costs	(3)	-
Actuarial gains/(losses)	3,297	(541)
At the end of the year	32,129	28,730

Scheme assets do not include any of BMB Clothing Limited's own financial instruments, or any property occupied by BMB Clothing Limited.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

Analysis of amount charged to the profit and loss account in respect of the defined benefit scheme:

	1 February 2020 £'000	2 February 2019 £'000
Operating profit		
Administration costs	3	-
Current service cost	55	66
Past service costs	-	250
Net interest income	(100)	(99)
Total operating charge	(42)	217

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

14 Post-employment benefits (continued)

Defined contribution scheme

A stakeholder pension scheme exists for all employees who are not covered by the defined benefit scheme. Prior to the establishment of this scheme, employees were covered for pension benefits by the group's continued participation in the money purchase section of the BMB Group Pension Scheme. The total contributions paid to the BMB Stakeholder scheme in the year ended 1 February 2020 was £57,000 (2 February 2019: £140,000). The amount outstanding at 1 February 2020 was £9,000 (2019: £11,000). The Auto Enrolment Pension Scheme became operational as at January 2014, total contributions paid to the NEST scheme in the year ended 1 February 2020 was £222,000 (2019: £384,000). The amount outstanding at 1 February 2020 was £59,000 (2019: £45,000).

15 Creditors; amounts falling due within one year

	1 February 2020 £'000	2 February 2019 £'000
Bank loans and overdrafts (note 17)	20,783	22,559
Trade creditors	1,866	6,100
Amounts owed to group undertakings	32,844	30,259
Taxation and social security	1,710	2,596
Derivative financial instruments (note 19)	234	-
Finance lease	23	-
Other creditors	2,084	1,999
Accruals and deferred income	8,572	6,162
	68,116	69,675

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

Net obligations under finance lease agreements are secured on the assets to which they relate.

Other creditors include the licence fee liability that arose on the acquisition of the Ben Sherman licences.

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

16 Creditors; amounts falling due after more than one year

	1 February 2020	2 February 2019
	£'000	£'000
Finance lease	91	-
Other creditors	5,842	6,212
	5,933	6,212

Net obligations under finance lease agreements are secured on the assets to which they relate.

Other creditors include the licence fee liability that arose on the acquisition of the Ben Sherman licences.

17 Loans and other borrowings

	1 February 2020	2 February 2019
	£'000	£'000
Bank overdrafts	5,225	5,225
Bank loan	15,558	17,334
	20,783	22,559
Maturity of debt		
Less than one year, or on demand	20,783	22,559
	20,783	22,559

Bank overdrafts are repayable on demand. The overdraft facility continues to be held with Europe Arab Bank. Interest is charged at 2.25% over the Europe Arab Bank base rate for sterling overdrafts. Overdraft facilities are secured by a bank guarantee which is arranged by the ultimate controlling party, Al Arafa for Investments and Consultancies SAE.

The bank loan is held with Qatar Islamic Bank (QIB) with a 5 year term loan of £8,000,000 and a 12 monthly renewable revolving working capital facility of £12,000,000. Both loans have an applicable interest cost of 5% above the 6 month LIBOR rate. The facility is secured by a fixed and floating charge over the assets of BMB Clothing Limited, and a guarantee from the ultimate parent company, Al Arafa for Investments and Consultancies SAE.

The bank covenants held with QIB were breached in the current financial year and as such the maturity of the debt is all classed as due on demand. Following a full understanding of the future plans of the business the facility with QIB was subsequently renewed in September 2020 for a further 12 month period.

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

18 Provisions for liabilities

a) Provision for liabilities

	Dilapidations provision £'000	Onerous lease provision £'000	Total £'000
At 3 February 2019	(149)	(428)	(577)
(Charged)/credited to the profit and loss account	(63)	239	176
Utilised in the year	24	21	45
At 1 February 2020	(188)	(168)	(356)

The provision for dilapidations is for the future dilapidation costs of the company's leasehold properties.

b) Deferred tax asset (excluding cash flow hedge reserve)

	£'000
At 3 February 2019	1,499
Prior year restatement (note 22)	(610)
As restated	789
Prior year adjustment	154
Charged to statement of total comprehensive income	(246)
Charged to the profit and loss account (note 8)	(135)
At 1 February 2020	562

	1 February 2020 £'000	2 February 2019 £'000
Deferred tax comprises:		
Trading losses	726	762
Accelerated capital allowances	653	607
Post-employment benefits	(857)	(610)
Other timing differences	40	30
Deferred tax asset (note 13)	562	789

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

18 Provisions for liabilities (continued)

c) Deferred tax liability relating to cash flow hedge reserve

Deferred tax movements in respect of the cash flow hedge reserve are as follows:

	1 February 2020	2 February 2019
Deferred tax liability in relation to the cash flow hedge reserve	£'000	£'000
Opening deferred tax (liability)/asset	(7)	373
Credited/(charged) to statement of total comprehensive income	61	(380)
Closing deferred tax asset/(liability)	58	(7)

The deferred tax asset of £58,000 (2019: a liability of £7,000) has been deducted from (2019: added) in arriving at the net liability position on the balance sheet (note 15).

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

19 Financial instruments

The company has the following financial instruments:

	1 February 2020	2 February 2019
	Total £'000	Total £'000
Financial assets that are debt instruments measured at amortised cost		
Trade debtors (note 13)	9,567	8,317
Other debtors (note 13)	903	841
Amounts owed by group undertakings (note 13)	8,193	8,068
	18,663	17,226
Financial (liabilities)/assets that are equity instruments measured at fair value		
Derivative financial (liability)/asset (note 13 & 15)	(234)	32
	(234)	32
Financial liabilities measured at amortised cost		
Bank loans and overdrafts (notes 15 & 17)	20,783	22,559
Finance leases (notes 15 & 16)	114	-
Trade creditors (note 15)	1,866	6,100
Other creditors (notes 15 & 16)	2,084	8,211
Accruals and deferred income (note 15)	8,572	6,162
	33,419	43,032

Derivative financial instruments

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 1 February 2020 the outstanding contracts all mature within 12 months (2019: 12 months) of the year end. The company is committed to buy \$32,025,000 (2019: \$22,400,000) for a fixed sterling amount.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD.

The company has no interest rate derivative financial instruments (2019: none).

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

20 Called up share capital

	1 February 2020	2 February 2019
	£	£
<hr/>		
Allotted, issued and fully paid		
1 (2019: 1) ordinary share of £1	1	1
<hr/>		

21 Reserves

Accumulated losses

Includes all current and prior year retained profits and losses.

Cash flow hedge reserve

Includes all transactions arising from the company's cash flow hedging arrangements.

22 Prior year restatement

The company has previously presented the defined benefit pension asset net of deferred taxation. This presentation is not consistent with the requirements of FRS102 and the company has therefore corrected the presentation. The effect of the restatement was to increase the post-employment benefits asset by £610,000 and decrease the deferred tax asset by the same amount.

BMB Clothing Limited

23 Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with companies which form part of the Baird Group (Holdings) Limited consolidated financial statements, on the grounds that it the Company is a wholly owned subsidiary of Baird Group (Holdings) Limited, whose consolidated financial statements are publicly available.

In the year to 1 February 2020, Swiss Garments Company, a subsidiary of Al Arafa for Investments and Consultancies SAE 'Arafa' (the ultimate parent company), supplied garments to the value of £13,122,000 (2019: £15,884,000) to the Company and the amount outstanding at 1 February 2020 was £30,573,000 (2019: £28,702,000). Extended credit terms are allowed by prior agreement.

In the year to 1 February 2020, Crystal For Making Shirts Company, a subsidiary of Arafa, supplied garments to the value of £nil (2019: £6,000) to the Company and the amount outstanding at 1 February 2020 was £5,000 (2019: £5,000).

In the year to 1 February 2020, BMB Clothing Limited made sales to Arafa to the value of £3,000 (2019: £5,000) to the group and the amount due from Arafa at 1 February 2020 was £1,000 (2019: £5,000).

In the year to 12 May 2014, BMB Clothing Limited entered into a consultancy agreement with Dr Alaa Arafa for provision of consultancy services in relation to the sourcing of fabric supply. £45,000 was paid over for these services in the year to 1 February 2020 (2019: £150,000).

24 Contingent liabilities

The company is a participant in a group banking arrangement and has given cross-guarantees which created fixed and floating charges over all the assets of the company. As at 1 February 2020 the maximum liability under this arrangement was £20,783,000 (2 February 2019: £22,559,000), being the bank loans and overdrafts set out in note 17.

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

25 Capital and other commitments

At the year end, the company had no capital commitments.

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	1 February 2020 £'000	2 February 2019 £'000
Within one year	4,878	5,251
Within two to five years	14,691	15,626
After five years	7,155	7,317
	26,724	28,194

A number of property leases include contingent turnover rent clauses.

The company had no other off-balance sheet arrangements.

26 Post balance sheet events

Company Voluntary Arrangement

On 11 August 2020 the Company announced the approval of a Company Voluntary Arrangement ("CVA") which was aimed at addressing the liabilities arising from the COVID-19 pandemic and national 'lockdowns' which followed.

An exceptional credit of £24,160,000 has been recognised on approval of the CVA, primarily as a result of compromising certain creditors. The CVA is expected to provide cost savings of £4,593,000 per annum as a result of store and warehouse closures and removing staff from Debenhams concessions.

On 9 September 2020 the challenge period ended and the CVA is challenge-free. The CVA is effective for 24 months.

The directors consider the COVID-19 pandemic and subsequent CVA to be a non-adjusting post balance sheet event.

BMB Clothing Limited

Notes to the financial statements for the year ended 1 February 2020 (continued)

27 Ultimate parent undertaking

The immediate parent undertaking is BMB Group Limited, a company incorporated in England and Wales. The results of BMB Clothing Limited and BMB Group Limited are included within the consolidated financial statements of Baird Group (Holdings) Limited, a company incorporated in England and Wales. Baird Group (Holdings) Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Baird Group (Holdings) Limited can be obtained from the company secretary at Granary Building, 1 Canal Wharf, Leeds, LS11 5BB, England, UK.

At 1 February 2020, the ultimate parent company and controlling party, which is also the parent for the largest group of undertakings for which the group financial statements are drawn up for and of which the company is a member, was Al Arafa for Investments and Consultancies SAE, a company incorporated in Egypt.

Copies of the group financial statements may be obtained from Al Arafa for Investments and Consultancies SAE, c/o Swiss Garment Company, 10th of Ramadan City, 3rd Industrial Zone A1, Egypt.