BMB Clothing Limited

Registered number: 04090249

Annual report and financial statements

For the period ended 28 January 2023

BMB CLOTHING LIMITED

COMPANY INFORMATION

Directors	A Arafa M M S Cotter M T M Khalifa M A E Morsy Baird Group Ltd
Registered number	04090249
Registered office	2100 Century Way Thorpe Park Leeds LS15 8ZB
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP

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STRATEGIC REPORT
FOR THE PERIOD ENDED 28 JANUARY 2023

Introduction

The directors present their Strategic Report on the Company for the period ended 28 January 2023.

Results and dividends

The Company's profit before taxation for the period was £356k (9 month period ending 29 January 2022: £2,561k) with sales of £82,515k (9 month period ending 29 January 2022: £53,316k). Net assets at period end were £468k (9 month period ending 29 January 2022: £3,884k).

Business review

Trading

The year ended 28 January 2023 started extremely positively with pent-up demand driving new purchases as the economy continued to recover from the COVID-19 pandemic. However, following the Russian invasion of Ukraine, the UK economy has suffered significantly. Inflation has soared reaching a peak of 11.1% in October 2022, the highest annual inflation rate since 1981. In response to rising inflation, the Bank of England has continued to raise interest rates. This has created a cost-of-living crisis that, alongside volatility in foreign exchange rates, has significantly impacted the UK economy including the retail sector. The Company has undertaken frequent reforecasting and scenario modelling to appropriately respond to the changing market conditions.

Despite these challenging trading conditions, Suit Direct continued to build on its full-price high street presence, opening a further 10 new stores during the reporting period. The progression of opening high street stores has enabled Suit Direct to tap into new consumers and ones that are less discount-driven and more about finding pieces that last. The existing portfolio of outlet stores continues to provide a discounted offering for shoppers. New leases are short-term and have flexible commercial terms with successful stores being actively converted to longer-term deals.

The Company met all obligations under the terms of the CVA which came to an end in September 2022. The notice of full implementation of voluntary arrangement was filed with Companies House on 6 May 2023.

Financing

The primary debt is held with Qatar Islamic Bank (QIB) and is comprised of a 12 monthly renewable revolving working capital facility of £12,000k. The Company had a 5-year term loan with QIB which was fully repaid in May 2022. All capital repayments were made in line with the repayment schedule.

Additionally, the Company has a £5,225k overdraft facility with National Bank of Egypt (NBE). The rate of interest payable on the overdraft facility is the aggregate of 2.5% per annum and the base rate with any excess over the limit being charged at 1.50% per month.

The Company has continued to use a flexible invoice finance facility, with a headline facility cap of £7,000k provided by Bibby Financial Services Limited. The facility is used primarily to support the growth of the branded wholesale channel in line with the Company's strategy.

Financial key performance indicators

The Company uses a range of performance measurements 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 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 system is paramount to the capture and analysis of 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 wholesales division.

The key performance indicators for the Company for the year ended 28 January 2023, with comparatives for the preceding period, are set out below:

	Period ended 28 January 2023	Period ended 29 January 2022
Turnover (£m)	82.5	53.3
Gross profit (£m)	39.3	25.7
Gross margin (%)	47.6	48.1
Average stock turn (weeks)	16.8	25.5

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to several 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, continuity of supply of products at acceptable margins, retention of skilled employees and increases in employment and host store costs. The Company work 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 diverse range of customers, avoid brand conflict and reduce risk.

The Company maintains its human resources strategies to support the development of people including team briefings and performance review processes 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 opportunities for people to learn and develop to improve their performance. Every employee has one to one meetings with their line management, at least twice a year, to facilitate this. A full suite of training programmes is made available to all employees and is delivered both in-person and online to ensure business-wide accessibility.

Economic impact of global events

UK businesses are currently facing many uncertainties such as the continuing consequences of Brexit, environmental sustainability, the cost-of-living crisis, and geopolitical events such as the Russian invasion of Ukraine. These uncertainties have contributed to an environment where a range of issues and risks exist including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.

The directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non-adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The directors have taken account of these potential impacts in their going concern assessment.

BMB Clothing Limited continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

Future outlook

The Company is anticipating that consumers will remain cautious with spending as inflation is forecasted to remain high in 2023. Reduced consumer confidence is expected to see consumer behaviour continue to adapt.

The Company is focused on redefining approaches and adapting to changing consumer patterns to ensure competitive offerings are in place to meet consumer demand. In March 2023, Suit Direct launched an own-branded 'everyday occasions' collection aimed at targeting the 50% of the UK suit market that fell below the business' previous pricing structure. In addition to this, the Company has launched an omnichannel experience, spanning store and online sales, to be able to better target offerings to customers based on shopping preferences. Furthermore, the Company is introducing new payment methods to improve payment flexibility for customers.

In February 2023, the Board of BMB Clothing Limited agreed to undertake a full strategic review to assist with the future direction of the Company. The outcome of this review was to simplify and focus the business' activities on its Suit Direct brand trading through stores, online and through wholesale channels. To realise this objective, it was agreed that the business sell its Ben Sherman licenses which permitted the Company to make and sell Ben Sherman clothing in the UK and some European territories. At the same time as this strategic review, the business undertook a full structural review centered around significant streamlining and cost saving activities. By September 2023, the business had sold on its Ben Sherman licenses and agreed to exit the European license by 31 December 2023 and achieved 90% of restructuring and cost savings. The remaining business, focusing around Suit Direct, will benefit from simplified brand focus for the management team. Growing the business further through targeted retail expansion, further investment, development of online platforms and the continued wholesale of brands presented within the Suit Direct facia.

The business will continue to review selling prices, manage costs effectively and monitor micro and macro-economic trends. Despite the challenging trading environment, the business is well-placed to maximise efficiencies and maintain growth.

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 holdings and debtor terms, where applicable, and regular forecasting is undertaken to establish the future adequacy of 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 program 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 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 to terms.

Community and Environment

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

Shareholders

The Company is a member of 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 the directors involve employees and promote success can be found in the Directors' Report.

This report was approved by the board on 12 September 2023 and signed on its behalf.

M M S Cotter
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 JANUARY 2023

The directors present their report and the financial statements for the period ended 28 January 2023.

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

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

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

Principal activity

The 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.

Results and dividends

The loss for the period, after taxation, amounted to £1,148k (2022 - profit £3,366k).

The directors do not recommend a payment of a dividends (9 month period ending 29th January 2022: £Nil).

Directors

The directors who served during the period were:

A Arafa
M M S Cotter
M T M Khalifa
M A E Morsy
Baird Group Ltd
N Scott (resigned 27 January 2023)

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 period and is currently in force. The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its directors.

Going concern

The Company has net assets of £468k (29 January 2022: net assets of £3,884k) and net current liabilities, including the pension asset, of £8,418k (29 January 2022: £869k).

The Company's banking facilities are subject to a parent company guarantee provided by the ultimate Parent Company, Al Arafa for Investments and Consultancies ('Al Arafa'), a company incorporated in Egypt.

Post year-end, the £12m working capital facility, provided by Qatar Islamic bank, was renewed until April 2024 and the overdraft facility, provided by National Bank of Egypt, was renewed until August 2024. Both of these facilities are fully drawn down. The Company continues to use the flexible invoice finance facility, with a headline facility cap of £7m, that was secured in June 2022. The Directors are confident that these banking facilities will be renewed in the next 12 months.

Subsequent to the year-end date, the Company entered into a Facility Agreement, with Dr Alaa Arafa, to borrow an unsecured interest free sterling revolving loan of a total principal amount not exceeding £5.5m. The purpose of this loan is to support the Company's general corporate and working capital requirements. The loan is repayable, in full, on or before 31 August 2028.

Detailed forecasts have been prepared for the foreseeable future which support the directors' assessment that the Company is a going concern. As a result of trading performance falling behind initial forecasts, the Company has revised budgets in light of the challenging conditions in the UK retail sector. In the prior year, the Board considered a period of 12 months from the date of approval of the financial statements. However, given the uncertainty in the UK economy, the Company has forecasted future profit and loss, balance sheet and cash flow performance, based on current macro and microeconomic factors, up to October 2024 and profit and loss performance up to January 2026. The forecast periods are deemed appropriate as they meet the standards prescribed under FRS 102 and they extend beyond the expiry of the renewed working capital and overdraft facilities. These revised forecasts include severe, but plausible, downside scenarios that could occur during the forecasted periods. These assumptions are based on gross profit and costs that take account further recessionary pressures similar to those seen during 2022 and thus far throughout 2023. The forecasts, having been reviewed, scrutinised and approved by the Board of Directors, demonstrate that the Company remains a going concern. Furthermore, the Directors have obtained letters, from the directors of Al Arafa and Dr Alaa 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. Evidence of such support has been demonstrated through an interest free unsecured loan, of £5.5m, provided in September 2023 as set out above.

As such, whilst the trading environment remains challenging, the Company has sufficient financial resources, full parental support and clearly defined performance objectives that enable the Company to continue trading until at least 12 months from the date of signing these financial statements. Consequently, the Directors are satisfied that the Company is well-placed to manage its business risks and that the going concern assumption is appropriate for the preparation of the financial statements of the Company. The financial statements therefore do not include the adjustments that would be required if the Company was unable to continue as a going concern.

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.

Employees involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their can be taken into account when making decisions that are likely to affect their interest. 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 future performance. The Company encourages the involvement of employees by means of regular update meetings and communications 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.

Streamlined Energy and Carbon Reporting (SECR)

Compliance overview

This SECR disclosure represents our United Kingdom carbon footprint across Scope 1,2 and 3 emissions. It also includes an appropriate intensity metric, our total electricity, gas and transport fuel energy use, and a summary of the energy efficiency actions taken in the relevant financial period.

Energy consumption

	Period ended 28 January 2023 kWh	Period ended 29 January 2022 kWh
Aggregate of energy consumption in the period:		
Electricity purchased	2,655,000	1,315,201
Gas combustion	1,214,000	1,488,230
Fuel consumed for transport	656,000	293,919
Total energy consumption	**4,525,000**	**3,097,350**

Emissions of CO2 equivalent

	Period ended 28 January 2023		Period ended 29 January 2022	
	tCO2e	**Carbon intensity metric tCO2e/FTE**	**tCO2e**	**Carbon intensity metric tCO2e/FTE**
Electricity purchased (Scope 2 and 3	513		303.97	
Gas combustion (Scope 1	222		272.6	
Fuel consumed for transport (Scope 1)	150		69.3	
Total gross emissions	**885**	**2.40**	**645.87**	**1.25**

Quantification and reporting methodology

Methodology has been used to ensure compliance with the SECR requirements. The government issued "Greenhouse gas reporting: conversion factors 2020" conversion figures for CO_2e were used along with the figures to determine the kWh from mileage.

Intensity measurement

The chosen intensity measurement ratio is gross CO_2 emissions/number of full-time equivalent employees.

Measures taken to improve energy efficiency

The Company continues to strive for energy and carbon reduction arising from its activities. During this reporting period, the Company initiated a piece of work to calculate its full carbon footprint as a first step to developing a road map to net zero. This involves checking and verifying scope 1 & 2 SECR calculations and reviewing scope 3 emissions data coverage against the 15 GHG Protocol scope 3 categories to help establish the boundary of the footprint. The final report to be produced will provide clear guidance on the scope of work involved in developing a Net Zero Carbon Footprint position.

In addition to this, the Company continues to make efficiencies wherever possible, including replacing lighting with energy efficient options and increasing the proportion of fully electric vehicles in the fleet.

Matters covered in the Strategic Report

The directors have elected under section 414c of the Companies Act 2006 not to disclose the future development information on the basis that it is covered in the Strategic Report on page 1.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

The following non-adjusting events occurred subsequent to the year ending 28 January 2023:

Re-financing:

On 13 April 2023, the £12m working capital facility, provided by Qatar Islamic Bank, was renewed until April 2024.

On 14 August 2023, the £5.225m overdraft facility, provided by National Bank of Egypt, was renewed until August 2024.

Both of these facilities were fully drawn down as at 28 January 2023 and the Directors are confident that these banking facilities will be further renewed in the next 12 months.

New Financing:

On 7 September 2023, the Company entered into a unsecured interest free sterling revolving loan facility, of a total principal amount not exceeding £5.5m, with Dr Alaa Arafa. Under this agreement, the Company shall repay the aggregate loans, in full, by paying an amount equal to one third of the aggregate outstanding loans by 31 August 2027 and an amount equal to the aggregate outstanding loans by 31 August 2028. This facility will be used to support the Company's general corporate and working capital requirements.

Termination of Ben Sherman License Agreements:

On 31 July 2023, BMB Clothing Limited entered into an agreement to terminate and sell on the licenses to manufacture, distribute, sell, advertise and promote Ben Sherman clothing products.

As at 28 January 2023, the Company held licenses to produce and sell Ben Sherman clothing in the UK and certain EU territories. This agreement has enabled the Company to cease, in its entirety, the UK licensing agreement effective 31 July 2023. The license agreement relating to certain European territories will be terminated, in its entirety, effective as of 31 December 2023.

As part of this agreement, all existing Ben Sherman inventory held by the Company, as at the date of the agreement, was sold onto the new holder of the Ben Sherman licenses.

In order to facilitate the smooth transition of the licenses to the new holder, BMB Clothing Limited has entered into a Transition and Services Agreement, effective 31 July 2023, to provide sales, central, warehousing and logistics services for a minimum period of 12 months.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 September 2023 and signed on its behalf.

M M S Cotter
Director

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 28 January 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 January 2023 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.

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 at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial 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.

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to the posting of manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to assumptions and judgements used in assessing the carrying values of investments and goodwill balances and in relation to the recoverability of group company debtors, significant one-off or unusual transactions, and revenue cut-off.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor

3 Wellington Place
Leeds
LS1 4AP

12 September 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 JANUARY 2023

	Note	28 January 2023 £000	9 months ended 29 January 2022 £000
Turnover	4	82,515	53,316
Cost of sales		(43,261)	(27,665)
Gross profit		39,254	25,651
Distribution costs		(30,390)	(17,162)
Administrative expenses		(7,407)	(5,276)
Other operating income	5	-	41
Operating profit	6	1,457	3,254
Interest payable and similar expenses	10	(1,208)	(741)
Other finance income		107	48
Profit before tax		356	2,561
Tax on profit	12	(1,504)	805
(Loss)/profit for the financial period		(1,148)	3,366
Other comprehensive income for the period			
Actuarial (losses) /gains on defined benefit pension scheme		(2,416)	1,055
Movement of deferred tax relating to pension surplus		451	(560)
Movement of deferred tax relating to cash flow hedge reserve		69	(90)
Change in value of hedging instrument		(372)	528
Other comprehensive income for the period		(2,268)	933
Total comprehensive income for the period		(3,416)	4,299

The notes on pages 21 to 52 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 28 JANUARY 2023

	Note		28 January 2023 £000		As restated 29 January 2022 £000
Fixed assets					
Intangible assets	**13**		5,808		5,458
Tangible assets	**14**		2,903		1,802
Investments	**15**		1,100		1,100
			9,811		8,360
Current assets					
Stocks	**16**	13,941		12,137	
Debtors: amounts falling due within one year	**17**	21,320		17,168	
Debtors: amounts falling due after more than one year	**17**	725		2,161	
Cash at bank and in hand	**18**	1,458		1,785	
		37,444		33,251	
Creditors: amounts falling due within one year	**19**	(48,764)		(38,827)	
Net current liabilities			(11,320)		(5,576)
Total assets less current liabilities			(1,509)		2,784
Creditors: amounts falling due after more than one year	**20**		-		(2,345)
Provisions for liabilities					
Deferred tax	**23**	(725)		(1,177)	
Other provisions	**24**	(200)		(85)	
			(925)		(1,262)
Pension asset	**30**		2,902		4,707
Net assets			468		3,884
Capital and reserves					
Called up share capital	**25**		-		-
Other reserves	**26**		(206)		97
Profit and loss account	**26**		674		3,787
			468		3,884

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 28 JANUARY 2023**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 September 2023.

M M S Cotter
Director

The notes on pages 21 to 52 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 JANUARY 2023

	Called up share capital	Cash flow hedge reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 2 May 2021	-	(341)	(74)	(415)
Comprehensive income for the period				
Profit for the period	-	-	3,366	3,366
Other comprehensive income	-	438	495	933
Total comprehensive income for the period	-	438	3,861	4,299
At 30 January 2022	-	97	3,787	3,884
Comprehensive income for the period				
Loss for the period	-	-	(1,148)	(1,148)
Other comprehensive income	-	(303)	(1,965)	(2,268)
Total comprehensive income for the period	-	(303)	(3,113)	(3,416)
At 28 January 2023	-	(206)	674	468

The notes on pages 21 to 52 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 28 JANUARY 2023

	28 January 2023 £000	29 January 2022 £000
Cash flows from operating activities		
Profit for the financial period	(1,148)	3,366
Adjustments for:		
Amortisation of intangible assets	2,549	1,919
Depreciation of tangible assets	758	368
Loss on disposal of tangible assets	108	110
Interest paid	1,208	741
Interest received	(107)	(48)
Taxation charge	1,504	(805)
(Increase)/decrease in stocks	(1,804)	2,407
(Increase)/decrease in debtors	(4,249)	40
Increase/(decrease) in creditors	2,327	(3,816)
Increase/(decrease) in provisions	115	(274)
Defined benefit pension scheme contribution	(506)	(312)
Net cash generated from operating activities	755	3,696
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,900)	(1,499)
Purchase of tangible fixed assets	(1,966)	(440)
Net cash from investing activities	(4,866)	(1,939)

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 28 JANUARY 2023

	28 January 2023 £000	29 January 2022 £000
Cash flows from financing activities		
Repayment of loans	(1,774)	(1,784)
Movement on invoice discounting facility	6,796	-
Interest paid	(1,208)	(602)
Net cash used in financing activities	3,814	(2,386)
Net (decrease) in cash and cash equivalents	(297)	(629)
Cash and cash equivalents at beginning of period	(3,419)	(2,790)
Cash and cash equivalents at the end of period	(3,716)	(3,419)
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	1,458	1,785
Bank overdrafts	(5,174)	(5,204)
	(3,716)	(3,419)

1. General information

BMB Clothing Limited ("the Company") is a private company, limited by shares, incorporated in England and Wales, registered number 04090249. The registered address is 2100 Century Way, Thorpe Park, Leeds, LS15 82B.

The comparative period was previously shortened to 9 months ended 29 January 2022 in order for the period end to be coterminous with that of the ultimate Parent Company's reporting date. The current year is for the 12 months period ended 28 January 2023 and therefore not directly comparable.

The 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Al Arafa for Investments and Consultancies SAE as at 31 January 2023 and these financial statements may be obtained from c/o Swiss Garment Company, 10th Ramadan City, 3rd Industrial Zone Al, Egypt.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2. Accounting policies (continued)

2.4 Going concern

The Company has net assets of £468k (29 January 2022: net assets of £3,884k) and net current liabilities, including the pension asset, of £8,418k (29 January 2022: £869k).

The Company's banking facilities are subject to a parent company guarantee provided by the ultimate Parent Company, Al Arafa for Investments and Consultancies ('Al Arafa'), a company incorporated in Egypt.

Post year-end, the £12m working capital facility, provided by Qatar Islamic bank, was renewed until April 2024 and the overdraft facility, provided by National Bank of Egypt, was renewed until August 2024. Both of these facilities are fully drawn down. The Company continues to use the flexible invoice finance facility, with a headline facility cap of £7m, that was secured in June 2022. The Directors are confident that these banking facilities will be renewed in the next 12 months.

Subsequent to the year-end date, the Company entered into a Facility Agreement, with Dr Alaa Arafa, to borrow an unsecured interest free sterling revolving loan of a total principal amount not exceeding £5.5m. The purpose of this loan is to support the Company's general corporate and working capital requirements. The loan is repayable, in full, on or before 31 August 2028.

Detailed forecasts have been prepared for the foreseeable future which support the directors' assessment that the Company is a going concern. As a result of trading performance falling behind initial forecasts, the Company has revised budgets in light of the challenging conditions in the UK retail sector. In the prior year, the Board considered a period of 12 months from the date of approval of the financial statements. However, given the uncertainty in the UK economy, the Company has forecasted future profit and loss, balance sheet and cash flow performance, based on current macro and microeconomic factors, up to October 2024 and profit and loss performance up to January 2026. The forecast periods are deemed appropriate as they meet the standards prescribed under FRS 102 and they extend beyond the expiry of the renewed working capital and overdraft facilities. These revised forecasts include severe, but plausible, downside scenarios that could occur during the forecasted periods. These assumptions are based on gross profit and costs that take account further recessionary pressures similar to those seen during 2022 and thus far throughout 2023. The forecasts, having been reviewed, scrutinised and approved by the Board of Directors, demonstrate that the Company remains a going concern. Furthermore, the Directors have obtained letters, from the directors of Al Arafa and Dr Alaa 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. Evidence of such support has been demonstrated through an interest free unsecured loan, of £5.5m, provided in September 2023 as set out above.

As such, whilst the trading environment remains challenging, the Company has sufficient financial resources, full parental support and clearly defined performance objectives that enable the Company to continue trading until at least 12 months from the date of signing these financial statements. Consequently, the Directors are satisfied that the Company is well-placed to manage its business risks and that the going concern assumption is appropriate for the preparation of the financial statements of the Company. The financial statements therefore do not include the adjustments that would be required if the Company was unable to continue as a going concern.

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP, rounded to the nearest £'000.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.6 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 30 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. Sales are made to online customers with a right to return within 30 days, subject to certain conditions regarding usage. Accumulated experience is used to estimate and provide for such returns at the point of sale.

(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.

2. Accounting policies (continued)

2.6 Revenue recognition (continued)

(iv) Income from licensees
Certain brands and product categories have been licensed 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.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Every 3 years the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2. Accounting policies (continued)

2.12 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

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

The estimated useful lives range as follows:

Brand Trade Marks, Licences & Customer Relationships	-	shorter of 10 years and contract life
Software	-	3-5 years
Goodwill	-	10 years

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2. Accounting policies (continued)

2.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.21 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2. Accounting policies (continued)

2.21 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. Judgements in applying accounting policies and key sources of 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 period 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 investments, tangible and intangible assets held at 28 January 2022. Upon review the value of any impairment was considered immaterial and no impairment charge was incorporated into the financial statements.

(ii) Provisions

Provision are made for inventory, Net realisable value is the selling price of inventory in the ordinary course of business less estimated selling costs. Provisions are made for the estimated obsolescence of old seasons' lines based on historical margin trends. The provision as at the year end was £699k (2022: £1,499k).

(iii) Defined benefit pension scheme

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.

4. Turnover

An analysis of turnover by class of business is as follows:

	28 January 2023 £000	9 months ended 29 January 2022 £000
Retail	36,903	26,879
Internet	11,711	7,371
Wholesale	33,901	19,066
	82,515	53,316

Analysis of turnover by country of destination:

	28 January 2023 £000	9 months ended 29 January 2022 £000
United Kingdom	75,295	47,776
Rest of Europe	5,642	4,183
Rest of the world	1,578	1,357
	82,515	53,316

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.

5. Other operating income

	28 January 2023 £000	9 months ended 29 January 2022 £000
Government grants receivable	-	41

6. Operating profit

The operating profit is stated after charging/(crediting):

	28 January 2023 £000	9 months ended 29 January 2022 £000
Depreciation of tangible assets	758	368
Amortisation of intangible assets	2,549	1,919
Loss on disposal of fixed assets	108	110
Royalty income	-	(10)
Royalty payable	3,643	1,853
Operating lease rentals	4,293	2,923
Foreign exchange loss /(gain)	695	(104)

7. Auditor's remuneration

During the period, the Company obtained the following services from the Company's auditor:

	28 January 2023 £000	9 months ended 29 January 2022 £000
Fees payable to the Company's auditor for the audit of the Company's financial statements	146	114
Fees payable to the Company's auditor in respect of:		
All non-audit services not included above	45	68

8. Employees

Staff costs, including directors' remuneration, were as follows:

	28 January 2023 £000	9 months ended 29 January 2022 £000
Wages and salaries	13,466	9,572
Social security costs	1,348	850
Cost of defined contribution scheme	350	164
	15,164	10,586

The average monthly number of employees, including the directors, during the period was as follows:

	28 January 2023 No.	9 months ended 29 January 2022 No.
Selling and Distribution	571	436
Administration	40	71
	611	507

9. Directors' remuneration

	28 January 2023 £000	9 months ended 29 January 2022 £000
Directors' emoluments	701	642
Company contributions to defined contribution pension schemes	29	1
	730	643

During the period retirement benefits were accruing to 2 directors (2022 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £535k (2022 - £493k).

10. Interest payable and similar expenses

	28 January 2023 £000	9 months ended 29 January 2022 £000
Bank interest payable	1,208	741

11. Other finance costs

	28 January 2023 £000	9 months ended 29 January 2022 £000
Interest income on pension scheme assets	107	48

12. Taxation

	28 January 2023 £000	9 months ended 29 January 2022 £000
Deferred tax		
Origination and reversal of timing differences	1,395	234
Adjustments in respect of prior periods	193	(324)
Effect of tax rate charge on opening balance	(84)	(715)
Total deferred tax	1,504	(805)
Taxation on profit on ordinary activities	1,504	(805)

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	28 January 2023 £000	9 months ended 29 January 2022 £000
Profit on ordinary activities before tax	356	2,561
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	68	487
Effects of:		
Fixed asset differences	22	-
Expenses not deductible for tax purposes	176	-
Current period tax losses not utilised	-	234
Adjustments to tax charge in respect of prior periods - deferred tax	193	(324)
Non-taxable income	(530)	-
Adjustments to tax charge in respect of prior periods - impact of change in rate on deferred tax	(84)	(1,202)
Movement in deferred tax not recognised	1,659	-
Total tax charge for the period	1,504	(805)

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 period.

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 tax assets in respect of losses that can be carried forward against future taxable income of £4,049,000 (2022: £4,049,000).

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

13. Intangible assets

	Brand Trade Marks, Licences & Customer Relationships	Software	Goodwill	Negative goodwill	Total
	£000	£000	£000	£000	£000
Cost					
At 30 January 2022	17,608	1,810	3,037	(3,407)	19,048
Additions	2,272	627	-	-	2,899
At 28 January 2023	19,880	2,437	3,037	(3,407)	21,947
Amortisation					
At 30 January 2022	13,709	876	2,412	(3,407)	13,590
Charge for the period	1,969	434	146	-	2,549
At 28 January 2023	15,678	1,310	2,558	(3,407)	16,139
Net book value					
At 28 January 2023	4,202	1,127	479	-	5,808
At 29 January 2022	3,899	934	625	-	5,458

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 in 2016, the net book value of the assets acquired exceeded the value of cash considerations which created negative goodwill. The negative goodwill is being amortised over the life of the licence.

14. Tangible fixed assets

	Short-term leasehold property	Plant and machinery	Fixtures and fittings	Total
	£000	£000	£000	£000
Cost				
At 30 January 2022	138	1,748	4,630	6,516
Additions	-	345	1,621	1,966
Disposals	-	(4)	(478)	(482)
At 28 January 2023	138	2,089	5,773	8,000
Depreciation				
At 30 January 2022	138	1,353	3,223	4,714
Charge for the period	-	174	584	758
Disposals	-	(4)	(371)	(375)
At 28 January 2023	138	1,523	3,436	5,097
Net book value				
At 28 January 2023	-	566	2,337	2,903
At 29 January 2022	-	395	1,407	1,802

15. Fixed asset investments

	Investments in subsidiary companies
	£000
Cost or valuation	
At 30 January 2022	1,100
At 28 January 2023	1,100

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

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Alexandre London inc.	4500 Main Street, Suite 620, Virginia Beach, VA23462, USA	Concession retailer	Ordinary	100%
Alexandre of England 1988 Limited	2100 Century Way, Thorpe Park, Leeds, LS11 5BB	Dormant	Ordinary	100%
BS Europe B.V.	Kerkenbos, 102OE, Nijmegen, Netherlands	Concession retailer	Ordinary	100%
BS Europe GmbH	Regus Cologne City, Neumarkt Galerie Koln, Richmondstrase 6, 50667 Koln, Germany	Concession retailer	Ordinary	100%
Worth Valley Menswear Limited	2100 Century Way, Thorpe Park, Leeds, LS11 5BB	Dormant	Ordinary	100%

16. Stocks

	28 January 2023 £000	29 January 2022 £000
Raw materials and consumables	689	68
Finished goods and goods for resale	13,252	12,069
	13,941	12,137

In the opinion of the directors, the replacement value of inventories does not differ materially from the book value. Inventories are stated after the provision for impairment of £699k (2022: £1,499k).

17. Debtors

	28 January 2023 £000	As restated 29 January 2022 £000
Due after more than one year		
Deferred tax asset	725	2,161

	28 January 2023 £000	As restated 29 January 2022 £000
Due within one year		
Trade debtors	9,713	6,435
Amounts owed by group undertakings	9,614	8,772
Other debtors	513	780
Prepayments and accrued income	1,480	1,084
Financial instruments	-	97
	21,320	17,168

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

18. Cash and cash equivalents

	28 January 2023 £000	29 January 2022 £000
Cash at bank and in hand	1,458	1,785
Less: bank overdraft	(5,174)	(5,204)
	(3,716)	(3,419)

Bank overdraft is repayable on demand. Interest is charged at 3.5% over the National Bank of Egypt (UK) Ltd base rate for sterling overdrafts. The overdraft facility is secured by a fixed and floating charge over the assets of the Company and a guarantee from the ultimate Parent Company.

19. Creditors: Amounts falling due within one year

	28 January 2023 £000	29 January 2022 £000
Bank overdrafts	5,174	5,204
Bank loans	12,000	13,774
Invoice discounting facility	6,796	-
Trade creditors	6,202	5,095
Amounts owed to group undertakings	6,838	2,007
Other taxation and social security	2,080	2,401
Other creditors	2,030	5,607
Accruals and deferred income	7,369	4,739
Financial instruments	275	-
	48,764	38,827

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

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

The invoice discounting facility is secured on certain trade debtors of the Company.

20. Creditors: Amounts falling due after more than one year

	28 January 2023 £000	29 January 2022 £000
Taxation and social security	-	410
Other creditors	-	1,935
	-	2,345

Other creditors include the license fee liability that arose on the acquisition of the Ben Sherman licenses.

21. Loans

Analysis of the maturity of loans is given below:

	28 January 2023 £000	29 January 2022 £000
Amounts falling due within one year		
Bank loans	12,000	13,774
Invoice discounting facility	6,796	-
	18,796	13,774

The bank loan is held with Qatar Islamic Bank (QIB) with a 12 monthly renewable revolving working capital facility of £12,000k. The facility is secured by a fixed and floating charge over the assets of the Company and a guarantee from the ultimate Parent Company.

22. Financial instruments

	28 January 2023 £000	As restated 29 January 2022 £000
Financial assets		
Trade debtors	9,713	6,435
Other debtors	513	780
Amounts owed to group undertakings	9,614	8,772
	19,840	15,987
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	275	(97)
Bank loans and overdraft	17,174	18,978
Trade creditors	6,202	6,508
Amounts owed to group undertakings	6,838	2,007
Other creditors	2,030	7,542
Accruals and deferred income	7,369	4,739
	39,888	39,677

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 28 January 2023 the outstanding contracts all mature within 12 months (29 Jan 2022: 12 months) of the period end. The Company is committed to buy $18,274,420 (29 Jan 2022: $4,500,000) 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.

23. Deferred taxation

	2023 £000	2022 £000
At beginning of year	984	739
Charged to other comprehensive income	520	(496)
Utilised in year	(1,504)	741
At end of year	-	984

The deferred tax balance is made up as follows:

	28 January 2023 £000	As restated 29 January 2022 £000
Accelerated capital allowances	380	760
Trading losses	174	1,293
Post employment benefits	(725)	(1,177)
Other timing differences	171	108
	-	984
Comprising:		
Asset - due after one year	725	2,161
Liability	(725)	(1,177)
	-	984

24. Provisions

	Dilapidation provision £000
At 30 January 2022	85
Charged to profit or loss	115
At 28 January 2023	200

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

£116k of this provision is to be utilised in the year to 28 January 2024, with the remaining balance being utilised over 1 year.

25. Share capital

	28 January 2023 £	29 January 2022 £
Allotted, called up and fully paid		
1 (2022 - 1) Ordinary share of £1.00	1	1

26. Reserves

Cash flow hedge reserve

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

Profit and loss account

Includes all current and prior period retained profits and losses.

27. Analysis of net debt

	At 30 January 2022 £000	Cash flows £000	Repayment of loans £000	Invoice discounting £000	At 28 January 2023 £000
Cash at bank and in hand	1,785	(327)	-	-	1,458
Bank overdrafts	(5,204)	30	-	-	(5,174)
Debt due within 1 year	(13,774)	-	1,774	(6,796)	(18,796)
Financial instruments	97	(372)	-	-	(275)
	(17,096)	(669)	1,774	(6,796)	(22,787)

28. Prior year adjustment

In the prior year the deferred tax asset and deferred tax liability were incorrectly offset and therefore the Statement of Financial Position has been restated to correctly reflect a deferred tax asset of £2,161k and deferred tax liability of £1,177k. There has been no impact of net assets or reported profit/loss for the period.

29. Contingent liabilities

The Company is a participant in a group banking arrangement and has given cross-guaranteed which created fixed and floating charges over all the assets of the Company. As at period end the maximum liability under this arrangement is £17,225k (Period ended 29 January 2022: £18,978k).

30. Pension commitments

The Company operates both a defined benefit scheme with assets held in a separately administered fund, and a defined contribution scheme.

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 period ended 28 January 2023 was £52k (29 January 2022: £40k). The amount outstanding at 28 January 2023 was £4k (29 January 2022: £4k).

The Auto Enrolment Pension Scheme became operational in 2014, total contributions paid to the NEST scheme in the period ended 28 January 2023 was £192k (29 January 2022: £174k). The amount outstanding at 28 January 2023 was £45k (29 January 2022: £36k).

The Company operates a Defined Benefit Pension Scheme.

30. Pension commitments (continued)

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 scheme closed to future accrual on 31 March 2021. The latest actuarial valuation of the scheme was performed as at 28 January 2023.

The results of the valuation were updated to 28 January 2023 in accordance with FRS102 by a qualified actuary. The major assumptions used by the actuary are detailed below.

Reconciliation of present value of plan liabilities:

	28 January 2023 £000	29 January 2022 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	24,944	26,232
Interest cost	526	364
Actuarial losses	-	(318)
Benefits paid	(968)	(1,334)
Experience loss on liabilities	93	-
Changes to demographic assumptions	(774)	-
Changes to financial assumptions	(6,605)	-
At the end of the year	17,216	24,944

Reconciliation of present value of plan assets:

	28 January 2023 £000	29 January 2022 £000
At the beginning of the year	29,651	29,476
Interest income	633	48
Actuarial gains	-	737
Contributions	506	360
Benefits paid	(968)	(1,334)
Expected return on scheme assets	(9,704)	364
At the end of the year	20,118	29,651

30. Pension commitments (continued)

Scheme assets do no include any of the Company's own financial instruments, or any property occupied by the Company.

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

	28 January 2023 £000	As restated 29 January 2022 £000
Fair value of plan assets	20,118	29,651
Present value of plan liabilities	(17,216)	(24,944)
Net pension scheme asset	2,902	4,707

The amounts recognised in profit or loss are as follows:

	28 January 2023 £000	29 January 2022 £000
Interest income on plan assets	107	48

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2023 %	2022 %
Discount rate	4.6	2.15
Future pension increases	3	3.4
Inflation assumption	3.1	3.6
Mortality assumptions		
- for a male aged 65 now	21.4 years	22 years
- at 65 for a male aged 45 now	22.4 years	23.3 years
- for a female aged 65 now	23.9 years	24.3 years
- at 65 for a female member aged 45 now	25.0 years	25.8 years

30. Pension commitments (continued)

As at 28 January 2023, the market values of the assets of the scheme was £20,118k (period to 29 January 2022: £29,651k) which 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 £506k in the reporting period (period to 29 January 2022: £360k).

The Trustees and Employer have agreed that no contributions will be paid by the Employer in respect of the 28 January 2023 valuation as the scheme is in surplus.

If a subsequent actuarial report reveals a deficit in the Scheme the Trustees and the Employer will seek to agree a revised Schedule of Contributions to address the deficit revealed in the actuarial report.

31. Commitments under operating leases

At 28 January 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	28 January 2023 £000	29 January 2022 £000
Not later than 1 year	2,935	2,318
Later than 1 year and not later than 5 years	4,652	5,248
Later than 5 years	2,120	1,740
	9,707	9,306

A number of property leases include contingent turnover rent clauses.

The Company had no other off-balance sheet arrangements.

32. Related party transactions

The Company has taken advantage of the exemption available in Section 33 of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" related party disclosures from the requirement to disclose transactions with wholly owned group companies.

In the period to 28 January 2023, the Company made the following transactions with non-wholly owned group members:

The Company purchased £13,243k (period ended 29 January 2022: £3,931k) of garments from Swiss Garments Company, an unassociated subsidiary of the ultimate Parent Company. As at period end, the Company owed Swiss Garments Company £6,292k (29 January 2022: £1,182k).

The Company purchased £2,113k (period ended 29 January 2022: £470k) of garments from Swiss Cotton Garments Company, an unassociated subsidiary of the ultimate Parent Company. As at period end the Company was owed by Swiss Cotton Garments Company £Nil (29 January 2022 owed to: £157k).

The Company made sales of £Nil (period ended 29 January 2022: £Nil) to the ultimate Parent Company. As at period end £8k (29 January 2022: £3k) was owed to the Company.

The Company purchased £433k (period ended 29 January 2022: £Nil) of garments from Crystal for Making Shirts Company, an unassociated subsidiary of the ultimate Parent Company. As at period end, the Company owed Crystal for Making Shirts Company £Nil (29 January 2022: £Nil).

The Company purchased £83k (period ended 29 January 2022: £Nil) of garments from Concrete Garments Company, an unassociated subsidiary of the ultimate Parent Company. As at period end, the Company owed Concrete Garments Company £44k (29 January 2022: £Nil).

33. Post balance sheet events

The following non-adjusting events occurred subsequent to the year ending 28 January 2023:

Re-financing:

On 13 April 2023, the £12m working capital facility, provided by Qatar Islamic Bank, was renewed until April 2024.

On 14 August 2023, the £5.225m overdraft facility, provided by National Bank of Egypt, was renewed until August 2024.

Both of these facilities were fully drawn down as at 28 January 2023 and the Directors are confident that these banking facilities will be further renewed in the next 12 months.

New Financing:

On 7 September 2023, the Company entered into a unsecured interest free sterling revolving loan facility, of a total principal amount not exceeding £5.5m, with Dr Alaa Arafa. Under this agreement, the Company shall repay the aggregate loans, in full, by paying an amount equal to one third of the aggregate outstanding loans by 31 August 2027 and an amount equal to the aggregate outstanding loans by 31 August 2028. This facility will be used to support the Company's general corporate and working capital requirements.

Termination of Ben Sherman License Agreements:

On 31 July 2023, BMB Clothing Limited entered into an agreement to terminate and sell on the licenses to manufacture, distribute, sell, advertise and promote Ben Sherman clothing products.

As at 28 January 2023, the Company held licenses to produce and sell Ben Sherman clothing in the UK and certain EU territories. This agreement has enabled the Company to cease, in its entirety, the UK licensing agreement effective 31 July 2023. The license agreement relating to certain European territories will be terminated, in its entirety, effective as of 31 December 2023.

As part of this agreement, all existing Ben Sherman inventory held by the Company, as at the date of the agreement, was sold onto the new holder of the Ben Sherman licenses.

In order to facilitate the smooth transition of the licenses to the new holder, BMB Clothing Limited has entered into a Transition and Services Agreement, effective 31 July 2023, to provide sales, central, warehousing and logistics services for a minimum period of 12 months.

34. Controlling party

The immediate parent undertaking is BMB Group Limited, a company incorporated in England and Wales.

At 28 January 2023, the ultimate Parent Company, which is both the smallest and largest company into which the Company results are consolidated within, is Al Arafa for Investments and Consultancies SAE, a company incorporated in Egypt.

The ultimate controlling company is Baird Group (Holdings) Limited by virtue of the majority shareholding.