Masai Clothing Company UK Ltd

Annual report and financial statements for the year ended 30 June 2019

Registered number: 05912176

Contents

Company information

Directors

Margaret McDonald
Louise Bechmann

Statutory auditor

Deloitte LLP
1 New Street Square,
London, EC4A 3HQ

Registered Office

823 Salisbury House 29 Finsbury Circus
London, United Kingdom
EC2M 5QQ

Directors' report

The directors presents their annual report and audited financial statements for the year ended 30th June 2019. The directors have taken advantage of the small companies exemption in preparing the directors' report.

Principal activities and review of the business

The principal activity of the Company has been that of acting as an agent in the UK to wholesale of ladies' designer wear. Commission is paid to the Company based upon UK sales orders placed during the year from Masai DK.

The results for the year show a profit before tax of £125.4k (2019: £137.5k) and the financial position shows net assets for the Company of £542.6k (2018: £388.3k) and are considered satisfactory by the directors.

Coronavirus

Coronavirus disease (COVID-19) is a strain of virus that was identified in December 2019. On March 11 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation.

The outbreak and the spreading of the COVID-19 disease has led to a revenue decrease compared to the expectations at the onset of the year. This decline is a result of cancelled customer orders and a decline in new customer orders across the wider group headed by Daisy 2015 TopCo Limited. Only to a limited extent has it been possible for the group to reduce the consequences of this reduction in revenue by reducing costs.

The COVID-19 environment introduces new risks for the group related primarily to:

- Lack of or delay in customer orders due to the specific individual market conditions influenced by COVID-19
- Possible vendors' problems which could impact the delivery of goods to customers.

The group is seeking to mitigate the risk, where possible, by:

- Planning for each risk scenario, with the possibility of moving production from one vendor to another if needed.
- Working closely with customers to ensure optimized delivery of orders and adjusting pricing to fit the market conditions.

These disruptions and uncertainties have had an adverse effect on the group's business, financial results and day to day operations. As further changes to market conditions arising from COVID-19 are confirmed, the board will continue to assess the potential risks and impacts on the group's stakeholders.

Directors' report (continued)

Directors of the Company

The directors who served throughout the year and subsequently, except as noted, were as follows:

Margaret McDonald (appointed 18 December 2019)
Louise Bechmann
Sune Bjerreggard (resigned 7 November 2019)

Going concern

When making the going concern assessment, the Directors have considered the commitment made by Daisy 2015 TopCo Limited to provide full financial support to the Company for at least the next 12 months from the date of signing these financial statements. Accordingly, the directors' assessment is in respect of the ability of the group to provide such support as it may be required.

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk, are described in the Strategic Report.

The group headed by Daisy 2015 TopCo Limited is financed by senior debt, vendor loan notes and preference shares, as presented in the financial statements. At the balance sheet date, the Group had net liabilities of DKK 510,398k. At this date, senior debt outstanding totalled DKK 566,959k and these loans were due for repayment in more than one year. Subsequent to the balance sheet date, the group breached the covenants in respect of the senior debt held by Daisy 2017 LoanCo Limited. This triggered a default and the senior debt holders have taken control of the shares in Daisy 2015 TopCo Limited as a result. The senior debt remains in place and the RCF of DKK 65,000k, has also been drawn in full. Further, an additional DKK 40,000k has been made available to the group by the debt holders who are now the controlling party. At 29 June 2020, the group's cash balance is DKK 70,100k and the additional facility of DKK 40,000k remains undrawn.

Directors' report (continued)

Going concern (continued)

On 15 April 2020 the group closed the retail operations in Sweden and Norway, due to the negative cash flow impact of these operations.

The group has prepared a trading forecast for the financial year to 31 July 2021. In considering the forecast trading performance of the group, the directors have considered the impact of COVID-19, as referenced in the principal uncertainties section above. The assessment made recognizes the inherent uncertainty associated with any forecasting at the present time, and the scenarios prepared have included consideration of the impact of, specifically, the following on the group's forecast trading performance; some of which may have a significant adverse impact thereon:

- Expected revenue depending on expected opening and future outlooks in individual market related to development in COVID-19
- Expected development in pricing in individual markets including expected discount rates
- Loss on debtors
- Planned/delayed investments

In assessing the appropriateness of the going concern assumption, the directors have considered the ability of the group to meet the debt covenants/operate within the available headroom. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group expects to be able to operate within the level of its current financial facilities, however the directors cannot forecast with certainty the full impact of the COVID-19 outbreak or the period over which this might affect the economic environment more broadly.

Sensitivities have been modelled to understand the impact of the various risks outlined above on the cash headroom. For example, a reduction in forecast revenue of 30% with no associated reduction in costs would lead to a covenant and cash headroom breach in March 2021. Given the uncertainty surrounding the full impact of the COVID-19 outbreak or the period over which this might affect the economic environment more broadly, the assumptions in these sensitivities, when taking into account the factors set out above, may lead to a cash headroom breach at a group level, which may mean that the group is unable to provide the support to this company that may be required.

In this respect and in light of the sensitivities, assumptions and various scenarios described, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' report (continued)

Events since the balance sheet date

Subsequent to the balance sheet date, the Group triggered a financial covenant breach in September 2019 on the senior debt held by Daisy 2017 Loanco Limited. As a result a refinancing package was agreed on 22 May 2020 which included the acquisition of share capital of the Group by Direct Lending Fund II SLP and Direct Lending Fund II USD SLP.

On 31 January 2020 the United Kingdom left the European Union (EU). The UK will continue to follow all of the EU's rules and its trading relationship will remain the same during an eleven month transition period which will end on 31 December 2020. The Directors continue to consider and assess the potential impact of the United Kingdom's departure from the EU on the Company's business operations. Their assessment has also included the possible consequences of there being no formal trading agreement in place with the EU following the transition period. Currently they do not believe that Brexit will have a material impact on the Company, given the majority of the group's operations are outside of the UK.

On 15 April 2020 the group closed the retail operations in Sweden and Norway, due to the negative cash flow impact of these operations. The cost of close of these operations will be reflected in the financial statements of the group for the year ending 30 June 2020.

Since the balance sheet date there has been the outbreak of the Covid-19 pandemic. The impact of this is discussed in the going concern disclosure in note 1 and the strategic report. The impact of Covid-19 is a non-adjusting post balance sheet event which may impact (in the future) the judgements and estimates made as at the balance sheet date of 30 June 2019, primarily in respect of Goodwill and Intangibles, Inventory valuation and debtor recoverability, which may result in impairments in future periods.

Disclosure of information to the auditors

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

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

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

Directors' report (continued)

Re-appointment of auditors

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

LOUISE BECHMANN

Louise Bechmann
Director

2 July 2020

Registered No. 05912176
823 Salisbury House 29 Finsbury Circus,
London, United Kingdom
EC2M 5QQ

Directors' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 on going concern basis unless it is inappropriate to presume that the company will continue in the business.

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

Independent auditor's report to the members of Masai Clothing Company UK Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Masai Clothing Company UK Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the company which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes to equity;
- the related notes 1 to 16.

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

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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that under certain scenarios contemplated by the Directors in light of the COVID-19 outbreak, there may be a cash headroom and covenant breach at a group level which may mean that the group is unable to provide the support to this company that may be required . As stated in note 1, these events or conditions, along with the other matters as set forth in note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report to the members of Masai Clothing Company UK Ltd

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 respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report to the members of Daisy 2015 Masai Clothing Company UK Ltd

Report on other legal and regulatory requirements

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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

Kate Darlison

Kate Darlison FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
3 July 2020

Profit and loss account for the year ended 30 June 2019

	Notes	2018/19 GBP	2017/18 GBP
Turnover	3	1,542,480	1,796,417
Gross profit		**1,582,480**	**1,796,417**
Administrative expenses		(1,463,604)	(1,617,618)
Operating profit	4	**118,876**	**178,799**
Interest receivable and similar income	6	26,825	9,948
Interest payable and similar expenses	7	(20,317)	(53,012)
Profit before taxation		**125,384**	**135,735**
Tax on profit	8	28,975	10,553
Profit for the year		**154,359**	**146,288**

All items relate to continuing operations. There were no other recognised gains or losses in the year and as such a statement of comprehensive income was not prepared.

Balance sheet as at 30 June 2019

	Notes	2018/19 GBP	2017/18 GBP
Intangible assets	9	0	0
Tangible assets	10	52,720	73,191
Fixed assets		**52,720**	**73,191**
Debtors	11	407,952	399,448
Cash at bank and in hand		254,087	82,020
Deferred tax assets		1,140	371
Current assets		**663,179**	**481,839**
Creditors: Amounts falling due within one year	12	**(72,435)**	**(166,747)**
Net current assets		**590,744**	**315,092**
Total assets less current liabilities		**643,464**	**388,283**
Creditors: Amounts falling due more than one year	13	**100,822**	**0**
Net assets		**542,642**	**388,283**
Called up share capital	14	1	1
Profit and loss account		542,641	388,282
Shareholder funds		**542,642**	**388,283**

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the Board on 2 July 2020.

LOUISE BECHMANN

Louise Bechmann
Director

Statement of changes in equity for the year ended 30 June 2019

	Share capital DKK	Profit and loss account DKK	Total DKK
Equity at 1 July 2018	1	388,282	388,283
Profit for the year	0	154,359	154,359
Equity at 30 June 2019	**1**	**542,641**	**542,642**

	Share capital DKK	Profit and loss account DKK	Total DKK
Equity at 1 July 2017	1	274,153	274,154
Profit for the year	0	146,289	146,289
Equity at 30 June 2018	**1**	**388,282**	**388,283**

Notes to the financial statements

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year, and the preceding year.

General information and basis of accounting

Masai Clothing Company UK Ltd is a Company incorporated in the United Kingdom under the Companies Act, 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address for the Company's registered office is shown on page 1.The principal activities of the Company and the nature of the operations are set out in the Director's Report on page 2. The financial statements have been prepared under the historical cost convention, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Masai Clothing Company UK Ltd is considered to be British Pound (GBP) as this is the currency of the primary economic environment in which the Company operates.

Masai Clothing Company UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to

- Related parties transactions.
- Preparation of a cash-flow statement and related notes (Section 7)
- Certain financial instruments-related disclosures (Sections 11 & 12)
- Key management personnel compensation disclosure (Section 28)

Going concern

When making the going concern assessment, the Directors have considered the commitment made by Daisy 2015 TopCo Limited to provide full financial support to the Company for at least the next 12 months from the date of signing these financial statements. Accordingly, the directors' assessment is in respect of the ability of the group to provide such support as it may be required.

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk, are described in the Strategic Report.

Notes to the financial statements

1. Accounting policies (continued)

Going concern (continued)

The group headed by Daisy 2015 TopCo Limited is financed by senior debt, vendor loan notes and preference shares, as presented in the financial statements. At the balance sheet date, the Group had net liabilities of DKK 510,398k. At this date, senior debt outstanding totalled DKK 566,959k and these loans were due for repayment in more than one year. Subsequent to the balance sheet date, the group breached the covenants in respect of the senior debt held by Daisy 2017 LoanCo Limited. This triggered a default and the senior debt holders have taken control of the shares in Daisy 2015 TopCo Limited as a result. The senior debt remains in place and the RCF of DKK 65,000k, has also been drawn in full. Further, an additional DKK 40,000k has been made available to the group by the debt holders who are now the controlling party. At 29 June 2020, the group's cash balance is DKK 70,100k and the additional facility of DKK 40,000k remains undrawn.

On 15 April 2020 the group closed the retail operations in Sweden and Norway, due to the negative cash flow impact of these operations.

The group has prepared a trading forecast for the financial year to 31 July 2021. In considering the forecast trading performance of the group, the directors have considered the impact of COVID-19, as referenced in the principal uncertainties section above. The assessment made recognizes the inherent uncertainty associated with any forecasting at the present time, and the scenarios prepared have included consideration of the impact of, specifically, the following on the group's forecast trading performance; some of which may have a significant adverse impact thereon:

- Expected revenue depending on expected opening and future outlooks in individual market related to development in COVID-19
- Expected development in pricing in individual markets including expected discount rates
- Loss on debtors
- Planned/delayed investments

In assessing the appropriateness of the going concern assumption, the directors have considered the ability of the group to meet the debt covenants/operate within the available headroom. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group expects to be able to operate within the level of its current financial facilities, however the directors cannot forecast with certainty the full impact of the COVID-19 outbreak or the period over which this might affect the economic environment more broadly.

Notes to the financial statements

2. Accounting policies (continued)

Going concern (continued)

Sensitivities have been modelled to understand the impact of thc various risks outlined above on the cash headroom. For example, a reduction in forecast revenue of 30% with no associated reduction in costs would lead to a covenant and cash headroom breach in March 2021. Given the uncertainty surrounding the full impact of the COVID-19 outbreak or the period over which this might affect the economic environment more broadly, the assumptions in these sensitivities, when taking into account the factors set out above, may lead to a cash headroom breach at a group level, which may mean that the group is unable to provide the support to this company that may be required.

In this respect and in light of the sensitivities, assumptions and various scenarios described, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Turnover

Turnover represents the commission from sale of ladies' wear. Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer, when the goods are physically delivered to the customer. Turnover is received from sales in UK and Ireland.

Interest and similar income expenses

Interest and similar income/expenses and charges are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the Balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Intangible assets

Acquired intangible assets are included at cost and amortised in equal annual instalments over a period of five years which is their estimated useful economic life. Provision is made for any impairment.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease, even if the payments are not made on such a basis.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is charged on tangible fixed assets on a straight-line basis. The principal rates in use are as follows:

Fixtures and equipment	20% per annum
Leasehold improvement	33% per annum

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Taxation (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.
There are no judgements or estimates that have a significant effet on the ammount recognised in the financial statements

3. Turnover

Turnover represents the commission from sale of ladies' wear, the primary activity of the business. Turnover is received from sales in UK and Ireland

Notes to the financial statements (continued)

	2018/19 GBP	2017/18 GBP
4. Operating profit		
The operating profit is stated after charging:		
Operating lease expense	171,066	122,676
Depreciation of tangible fixed assets (note 7)	20,471	24,266
Amortisation of intangible assets (note 6)	171,066	2,000
Auditors remuneration	15,363	8,002
Auditors remuneration, fee for non-audit services	35,900	800

	2018/19 GBP	2017/18 GBP
5. Employee information		
The monthly average number of persons employed by the Company (excluding directors) during the year was:		
Selling and distribution	7	7
Administration	1	1
	8	**8**
Their aggregate remuneration comprised:		
Wages and salaries	404,355	462,818
Other social security costs	312,829	63,598
	717,184	**526,416**

Directors' remuneration:

Total aggregate directors remuneration is Nil. The directors of the Company are remunerated in Daisy 2015 Management ApS.

	2018/19 GBP	2017/18 GBP
6. Interest receivable and similar income		
Interest on loans to group undertakings	18,882	9,948
Other interest receivable and similar income	7,942	0
	26,825	**9,948**

Notes for the year ended 30 June 2019 (continued)

	2018/19 GBP	2017/18 GBP
7. Interest payable and similar expenses		
Interest on loans from group undertakings	18,399	25,975
Other interest payable and similar expenses	1,918	27,037
	20,317	**53,012**

	2018/19 GBP	2017/18 GBP
8. Tax on profit for the year		
Current tax		-
Adjustment in respect of previous periods	(28,975)	(8,992)
Change in deferred tax	0	(1,562)
	(28,975)	**(10,554)**
Total tax on profit and loss	**(28,975)**	**(10,554)**

The differences between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit and loss before tax is as follows:

Profit before taxation	**125,384**	**135,735**
Tax on Company profit at standard UK corporation tax rate of 19,00% (2018: 19,00%)	26,744	25,790
Effects of:		
- Expenses not deductible for tax purposes	2,332	3,274
- Effects of other group reliefs/ other reliefs	(30,487)	(31,203)
- Adjustment from previous periods	(27,713)	(8,639)
- Tax rate changes	149	225
Total tax on profit and loss	**(28,975)**	**(10,554)**

Notes for the year ended 30 June 2019 (continued)

9. Intangible assets

	Other intangible assets GBP
Cost	
At 1 July 2018	10,000
At 30 June 2019	**10,000**
Amortisation	
At 1 July 2018	(10,000)
Change of the year	0
At 30 June 2019	**(10,000)**
Net book value at 30 June 2019	**0**
Net book value at 30 June 2018	**0**

Notes for the year ended 30 June 2019 (continued)

10. Tangible assets

Cost	Leasehold improvement GBP	Fixtures and equipment GBP	Total GBP
At 1 July 2018	192,496	25,003	217,499
At 30 June 2019	**192,496**	**35,003**	**217,498**
Amortisation			
At 1 July 2018	(128,076)	(16,231)	(144,306)
Depreciation for the year	(17,640)	(12,830)	(20,472)
At 30 June 2019	**(145,716)**	**(29,061)**	**(164,778)**
Net book value at 30 June 2019	**46,780**	**5,942**	**52,720**
Net book value at 30 June 2018	**64,420**	**8,772**	**73,192**

	2018/19 GBP	2017/18 GBP
11. Debtors		
Amounts due within one year:		
Other debtors	24,552	45,343
Prepayments	61,695	51,026
	86,247	**96,369**
Amounts due after more than one year:		
Amounts owed by parent undertaking	321,705	190,733
Ammout owed by fellow subsidiary	0	112,346
	321,705	**303,079**
	407,952	**399,448**

All intercompany receivables bear interest at 7.75% p.a and are classified as long term

12. Creditors amounts falling due within one year

	2018/19 GBP	2017/18 GBP
Corporation tax	0	50,425
Other taxation and social security	41,995	48,529
Other creditors	30,440	67,793
	72,435	**166,747**

Notes for the year ended 30 June 2019 (continued)

13. Creditors amounts falling after more than one year

Amounts owed to parent undertaking	100,822	0
	100,822	**0**

All intercompany payables bear interest at 7.75% p.a and are classified as long term

14. Related parties transactions

Transactions between related parties are made at normal market prices. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 30 June 2018 and year ended 30 June 2019, the Company has not made any provision for doubtful debts relating to amounts owed by related parties.

Other related party transactions

The total remuneration for key management personnel for the year totalled GBP 0 (2018: GBP 0). The directors are remunerated in Daisy 2015 TopCo Limited. It is not possible to separately identify amounts paid to the directors in respect of qualifying services provided to this Company.

15. Parent undertakings and related parties

The immediate Parent Company of Masai Clothing Company UK Ltd is Daisy 2015 BidCo Limited which is incorporated in United Kingdom.

In the opinion of the directors, the Company's ultimate owners and ultimate controlling party are funds advised by Direct Lending Fund II Investments (Luxembourg) SARL. The owner undertaking of the smallest and largest group, which includes the Company and for which group accounts are prepared, is Daisy 2015 TopCo Limited a company incorporated in the United Kingdom. Copies of the group financial statements of Daisy 2015 TopCo Limited are available from Companies House, Crown May, Maindy, Cardiff CF14 3UZ, UK.

The largest group of undertaking for which consolidated accounts are drawn up is that headed by Daisy 2015 TopCo Limited. The smallest group of undertaking for which consolidated accounts are drawn up is that headed by Daisy 2015 HoldCo Limited.

Notes for the year ended 30 June 2019 (continued)

16. Events since the balance sheet date

Subsequent to the balance sheet date, the Group triggered a financial covenant breach in September 2019 on the senior debt held by Daisy 2017 Loanco Limited. As a result a refinancing package was agreed on 22 May 2020 which included the acquisition of share capital of the Group by Direct Lending Fund II SLP and Direct Lending Fund II USD SLP.

On 31 January 2020 the United Kingdom left the European Union (EU). The UK will continue to follow all of the EU's rules and its trading relationship will remain the same during an eleven month transition period which will end on 31 December 2020. The Directors continue to consider and assess the potential impact of the United Kingdom's departure from the EU on the Company's business operations. Their assessment has also included the possible consequences of there being no formal trading agreement in place with the EU following the transition period. Currently they do not believe that Brexit will have a material impact on the Company, given the majority of the group's operations are outside of the UK.

On 15 April 2020 the group closed the retail operations in Sweden and Norway, due to the negative cash flow impact of these operations. The cost of close of these operations will be reflected in the financial statements of the group for the year ending 30 June 2020.

Since the balance sheet date there has been the outbreak of the Covid-19 pandemic. The impact of this is discussed in the going concern disclosure in note 1 and the strategic report. The impact of Covid-19 is a non-adjusting post balance sheet event which may impact (in the future) the judgements and estimates made as at the balance sheet date of 30 June 2019, primarily in respect of Goodwill and Intangibles, Inventory valuation and debtor recoverability, which may result in impairments in future periods.