

Registered number: 10630791

THRIFT RETAIL LTD

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 28 FEBRUARY 2022

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THRIFT RETAIL LTD

COMPANY INFORMATION

Directors

J Metcalfe
D I Ramesh
S P Wallace

Registered number

10630791

Registered office

Harborough Innovation Centre
Airfield Business Park
Market Harborough
LE16 7WB

Accountants

Grant Thornton UK LLP
Chartered Accountants
Royal Liver Building
Liverpool
L3 1PS

THRIFT RETAIL LTD

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Report to the directors on the preparation of the unaudited statutory financial statements of Thrift Retail Ltd for the year ended 28 February 2022

We have compiled the accompanying financial statements of Thrift Retail Ltd (the 'Company') based on the information you have provided. These financial statements comprise the Statement of financial position of Thrift Retail Ltd as at 28 February 2022, the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), 'Compilation Engagements'.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with 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). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the Company's directors, as a body, in accordance with the terms of our engagement letter dated 23 August 2021. Our work has been undertaken solely to prepare for your approval the financial statements of the Company and state those matters that we have agreed to state to the Company's directors, as a body, in this report in accordance with our engagement letter dated 23 August 2021. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Liverpool

Date: 16/2/2023

THRIFT RETAIL LTD
REGISTERED NUMBER:10630791

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2022

		2022 £	As restated 2021 £
	Note		
Fixed assets			
Tangible assets	5	122,891	80,678
Current assets			
Stocks		26,374	8,817
Debtors: amounts falling due after more than one year	6	58,500	58,500
Debtors: amounts falling due within one year	6	126,480	84,548
Cash at bank and in hand		310,543	668,172
		<u>521,897</u>	<u>820,037</u>
Creditors: amounts falling due within one year	7	(3,338,471)	(1,519,639)
Net current liabilities		(2,816,574)	(699,602)
Total assets less current liabilities		(2,693,683)	(618,924)
Creditors: amounts falling due after more than one year	8	(124,684)	-
Net liabilities		<u>(2,818,367)</u>	<u>(618,924)</u>
Capital and reserves			
Called up share capital	9,10	3	3
Share premium account	10	2,282,136	1,694,099
Profit and loss account	10	(5,100,506)	(2,313,026)
Shareholders' Funds		<u>(2,818,367)</u>	<u>(618,924)</u>

THRIFT RETAIL LTD
REGISTERED NUMBER:10630791

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 28 FEBRUARY 2022

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

J Metcalfe

J Metcalfe
Director

Date: 16/2/2023

The notes on pages 5 to 14 form part of these financial statements.

THRIFT RETAIL LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Called up share capital £	Share premium account (As restated) £	Profit and loss account £	Shareholders' Funds £
At 1 March 2020	3	1,317,561	(990,835)	326,729
Comprehensive expense for the year				
Loss for the year	-	-	(1,322,191)	(1,322,191)
Total comprehensive expense for the year	-	-	(1,322,191)	(1,322,191)
Shares issued during the year (As restated)	-	376,538	-	376,538
Total transactions with owners (As restated)	-	376,538	-	376,538
At 1 March 2021 (As restated)	3	1,694,099	(2,313,026)	(618,924)
Comprehensive expense for the year				
Loss for the year	-	-	(2,787,480)	(2,787,480)
Total comprehensive expense for the year	-	-	(2,787,480)	(2,787,480)
Shares issued during the year	-	588,037	-	588,037
Total transactions with owners	-	588,037	-	588,037
At 28 February 2022	3	2,282,136	(5,100,506)	(2,818,367)

The notes on pages 5 to 14 form part of these financial statements.

THRIFT RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

1. General information

Thrift Retail Ltd ("the Company") is a private company limited by shares and incorporated in England and Wales. Registered number 10630791. Its registered head office is located at Harborough Innovation Centre, Airfield Business Park, Market Harborough, LE16 7WB.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors believe that it is appropriate to prepare the financial statements of the Company on a going concern basis which assumes that the Company will continue its operational existence for the foreseeable future and for at least the next 12 months from the date of authorisation of the financial statements.

The Company completed an equity fundraising round for both new and existing shareholders in March 2022 receiving a total investment of £2,999,768.15, December 2022 receiving a total investment of £1,418,753.58, January 2023 receiving a total investment of £15,107.74 and February 2023 receiving a total investment of £472,646.02. Investors believe in the Company's growth plan and goal to breakeven in 2024.

As the Company is UK based and online, there has been minimal impact from BREXIT from a demand point of view.

There have been challenges to recruit staff for warehouse occupations and securing business to business partnerships through the period due to the ongoing impact of COVID-19 on the retail market. However, with successful fundraising events and no quarantine rules or travel restrictions in place the directors are of the opinion that such challenges will pass.

On 24 February 2022, Russia started an invasion into Ukraine. As a consequence, the US, the EU and the UK, amongst others, have imposed sanctions targeting Russia's ability to access capital and financial markets, sanctioning banks, as well as trading in general. The Company has not been impacted by these events as it does not have direct business relations with Russia or Ukraine. However, cost of sales and administrative expenses have increased for the Company following the invasion and the directors continue to review and manage projections for the Company.

Considering the above, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

THRIFT RETAIL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP and amounts included in these financial statements are rounded to the nearest pound.

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.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 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.

THRIFT RETAIL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.7 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.

2.8 Taxation

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.

2.9 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.

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:

Plant and machinery	- Straight line over 5 years
Computer equipment	- Straight line over 3 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.

2.10 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

THRIFT RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

2. Accounting policies (continued)**2.11 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.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

2.13 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.

2.14 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.

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.

Convertible loan notes are not basic financial instruments. The loan notes are initially recognised at fair value on the date a 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.

THRIFT RETAIL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

3. Prior year restatements

Share premium account

In the prior year financial statements, share premium totalling £589,123 was incorrectly recorded within the share premium account. The balance is made up of an advance subscription agreement and therefore has been correctly credited to other creditors.

There was no impact on losses for the year ended 28 February 2021. Shareholders' funds and net liabilities at that date of £29,801 have been corrected to £618,924.

Debtors (note 6)

In the prior year's financial statements prepayments and accrued income totalling £41,166 were incorrectly presented within other debtors. The comparative amounts have been reclassified and in the current year the amounts are separately disclosed.

In the prior year's financial statements other debtors totalling £58,500 were incorrectly presented as debtors: due within one year. The balance is made up of lease deposits expiring June 2030 and therefore has been reclassified as debtors: due after more than one year.

There was no impact on losses for the year ended 28 February 2021 or net liabilities at that date as a result of these re-classifications.

Creditors: amounts falling due within one year (note 7)

In the prior year financial statements a finance lease totalling £13,487 was incorrectly presented within bank loans and overdrafts. The comparative amount has been reclassified and in the current year the amount is disclosed as a finance lease.

In the prior year financial statements accruals totalling £140,565 were incorrectly presented within other creditors. The comparative amounts have been reclassified and in the current year the amounts are disclosed as accruals.

In the prior year financial statements, share premium totalling £589,123 was incorrectly recorded within the share premium account. The balance is made up of an advance subscription agreement and therefore has been correctly credited to other creditors.

There was no impact on losses for the year ended 28 February 2021. Shareholders' funds and net liabilities at that date of £29,801 have been corrected to £618,924.

Commitments under operating leases (note 12)

The comparatives have been restated, as additional operating leases were identified, that had not been disclosed.

There was no impact on losses for the year ended 28 February 2021 or net liabilities at that date as a result.

THRIFT RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

3. Prior year restatements (continued)

Finance lease commitments (note 13)

The Company had future minimum finance lease payments at 28 February 2021 that had not been disclosed. Disclosure has now been made.

There was no impact on losses for the year ended 28 February 2021 or net liabilities at that date as a result.

4. Employees and directors

The average monthly number of employees, during the year was 55 (2021: 31).

5. Tangible fixed assets

	Plant and machinery £	Computer equipment £	Total £
Cost			
At 1 March 2021	79,855	13,580	93,435
Additions	66,100	4,228	70,328
At 28 February 2022	<u>145,955</u>	<u>17,808</u>	<u>163,763</u>
Depreciation			
At 1 March 2021	6,669	6,088	12,757
Charge for the year	23,741	4,374	28,115
At 28 February 2022	<u>30,410</u>	<u>10,462</u>	<u>40,872</u>
Net book value			
At 28 February 2022	<u>115,545</u>	<u>7,346</u>	<u>122,891</u>
At 28 February 2021	<u>73,186</u>	<u>7,492</u>	<u>80,678</u>

The net carrying amount of assets held under finance leases included in plant and machinery is £7,489 (2021: £9,485). The total depreciation charge for the year for assets held under finance leases is £1,996 (2021: £1,996).

THRIFT RETAIL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

6. Debtors

	2022 £	As restated 2021 £
Due after more than one year		
Other debtors	58,500	58,500
	<u>58,500</u>	<u>58,500</u>
Due within one year		
Trade debtors	720	-
Other debtors	38,182	43,382
Prepayments and accrued income	87,578	41,166
	<u>126,480</u>	<u>84,548</u>

7. Creditors: amounts falling due within one year

	2022 £	As restated 2021 £
Finance lease	10,260	13,487
Trade creditors	151,191	69,376
Other taxation and social security	74,974	51,866
Other creditors	1,366,064	1,244,345
Accruals	148,885	140,565
Derivative financial instruments	1,587,097	-
	<u>3,338,471</u>	<u>1,519,639</u>

On 22 March 2021, the Company entered a loan agreement with shareholders for £1,270,000. The loan carries interest at 8% per annum. The loan can be converted into share capital of the Company, nominated by the board, following a conversion event being met, with written notice. The conversion price will vary depending on the circumstances under which the loan is converted. The loan matures on 22 March 2024, upon which will automatically convert into share capital of the Company. The loan is held at fair value through profit or loss.

In March 2022 the Company completed an equity fundraising round for both new and existing shareholders, receiving a total investment of £2,999,768.15. The equity fundraising round in March 2022 met a conversion event of the loan agreement. On 18 March 2022, 8,089 Seed preferred shares of £0.0001 each were issued at a total cost £1,269,677.51. This included a nominal value of £0.81 and a share premium of £1,269,676.70 (note 15).

THRIFT RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

8. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Other creditors	<u>124,684</u>	<u>-</u>

Other creditors relates to a lease incentive due after more than one year.

9. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid		
18,058 (2021: 18,058) Ordinary shares of £0.0001 each	2	2
10,073 (2021: 7,157) Seed ordinary shares of £0.0001 each	1	1
	<u>3</u>	<u>3</u>

On 7 May 2021, 2,916 Seed ordinary shares of £0.0001 each were issued at a total cost of £688,524.56. This included a nominal value of £0.29 and a share premium of £688,524.27. Legal expenses incurred on the share issue of £100,487.15 have been offset against the share premium account.

10. Capital and reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of shares that have been issued.

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

The profit and loss account represents cumulative profits, losses and total other comprehensive income made by the Company, including distributions to, and contributions from, the shareholders.

THRIFT RETAIL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

11. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £5,742 (2021: £14,948). Contributions totalling £9,167 (2021: £3,947) were payable to the fund at the reporting date and are included in creditors.

12. Commitments under operating leases

At 28 February the Company had future minimum operating lease payments for each of the following periods:

	2022 £	As restated 2021 £
Not later than 1 year	195,740	120,213
Later than 1 year and not later than 5 years	780,000	780,740
Later than 5 years	650,000	845,000
	<u>1,625,740</u>	<u>1,745,953</u>

13. Finance lease commitments

At 28 February the Company had future minimum finance lease payments for each of the following periods:

	2022 £	As restated 2021 £
Not later than 1 year	3,173	3,472
Later than 1 year and not later than 5 years	8,461	11,634
	<u>11,634</u>	<u>15,106</u>

The finance lease relates to warehouse equipment used in the Company's distribution operations. There are no rental, renewal or purchase option clauses. Rents payable are subject to increase in line with corporation tax rate increases.

THRIFT RETAIL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

14. Related party transactions

At 28 February 2022, the Company owed the director £3,172 (2021: £33,043). The loans are interest free, repayable on demand and included within other creditors.

15. Subsequent events

The Company completed an equity fundraising round for both new and existing shareholders in March 2022 receiving a total investment of £2,999,768.15, December 2022 receiving a total investment of £1,418,753.58, January 2023 receiving a total investment of £15,107.74 and February 2023 receiving a total investment of £472,646.02. The equity fundraising round in March 2022 met a conversion event of the loan agreement entered into on 22 March 2021 (note 7). On 18 March 2022, 8,089 Seed preferred shares of £0.0001 each were issued at a total cost £1,269,677.51. This included a nominal value of £0.81 and a share premium of £1,269,676.70.

16. Ultimate controlling party

The Company's ultimate controlling party is considered to be J Metcalfe.