

Company Registration No. 10686681 (England and Wales)

HOUSE OF FRASER LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 24 APRIL 2022



HOUSE OF FRASER LIMITED

COMPANY INFORMATION

Directors	A P O Dick A A Adegoke D C Epstein
Company number	10686681
Registered office	Unit A Brook Park East Shirebrook Mansfield NG20 8RY
Auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB

HOUSE OF FRASER LIMITED

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HOUSE OF FRASER LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 24 APRIL 2022

The directors present their strategic report for the 52 week period ended 24 April 2022 (2021: 52 weeks ended 25 April 2021).

Fair review of the business

The Company has shown a strong performance in the period largely due to the strong reopening of stores after the last lockdown in March 2021 and the comparative period being impacted by lockdowns as a result of Covid-19.

The Company started the period with 43 stores across the UK, closing 5 and opening 1 during the period resulting in a total store estate of 39. Subsequent to the period end, the Company has closed 6 stores. A large number of stores remain on flexible terms whilst long-term lease negotiations continue. There are anticipated to be further closures over the coming period, the number of which will depend on the outcome of lease negotiations.

Key performance indicators

The directors consider revenue, gross profit margins, Gross Transaction Value (GTV) and earnings before interest, tax, depreciation and amortisation (EBITDA) to be key performance indicators for the Company. Underlying EBITDA strips out the impact of realised foreign exchange movements and impairment charge. Underlying EBITDA is calculated by adding back the depreciation, amortisation and impairment charge of £3.7m (2021: £5.9m) and the loss on foreign currency translation of £0.2m (2021: £nil gain) to the operating profit figure of £20.7m (2021: £27.2m loss).

- The Company revenue increased from £204.5m to £363.6m predominantly due to the strong reopening of stores after the last lockdown in March 2021 and the comparative period being impacted by lockdowns as a result of Covid-19.
- The Company's underlying EBITDA has increased from a loss of £21.3m to a profit of £24.6m due the growth in revenue noted above and the refinement of the store portfolio.
- The Company's net liabilities decreased from £106.5m to £85.9m due to the profit noted above.

House of Fraser operates a significant number of concessions within its stores, where House of Fraser acts as agent for the sale of the concession owned inventory. Revenue from concession sales is required to be shown on a net basis, being the actual commission received rather than the gross value achieved on the sale. In order to understand the value of the overall activity of the Company we have disclosed below the Gross Transaction Value (GTV) being gross sales net of VAT, discounts and returns and gross sales where the Company acts as agent.

	FY22 (£M)	FY21 (£M)
Gross Transaction Value (GTV)	379.1	195.2
Revenue (excluding royalty income)	308.8	149.3
Cost of Sales	(166.3)	(85.3)
Gross Profit (excluding royalty income)	142.5	64.0
GTV Margin %	37.6%	32.8%
Reported Margin % (excluding royalty income)	46.1%	42.8%

Non financial KPIs

The directors also monitor the performance of the Company through non financial KPIs, being the number of retail stores. As at 24 April 2022, we operated 39 House of Fraser stores (2021: 43) with a total retail sales space of 2.97m sq ft (2021: 3.35m sq ft).

HOUSE OF FRASER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Principal risks and uncertainties

As the Company is an integral part of the Fraser Group, the principal risks and uncertainties and the controls and mitigations disclosed are relevant to the Company.

Risks	Scenario	Control and Mitigations
Strategy	We fail to deliver our strategy efficiently, effectively and on a timely basis, or we adopt the wrong strategy, which impacts our long-term growth, performance and ambition.	<ul style="list-style-type: none"> -The Board and senior management set and agree the Frasers Group strategy and undertake both regular and detailed reviews. -Our Group is diverse in terms of geography and product and executive management is able to respond to strategic opportunities and challenges with agility, to maximise achievement of our strategic ambitions. -We continue to evaluate strategic brand acquisitions, to provide product and choice in line with our brand strategy and add attractive locations to the store estate. -Effective management of our property portfolio supports our elevated direction. -We monitor our performance, markets and competition on an ongoing basis. -Our strong financial controls, reporting and analysis help to optimise resource allocations, maximise profits and cash flow and support efficient and effective strategic delivery. -We perform ongoing research for insights into consumer trends. -Ongoing internal and external communication of our strategic direction supports understanding, engagement and effective delivery.
Third-Party Brand Relationships, Key Suppliers and Supply Chain Management	We fail to manage and leverage our supplier and brand partner relationships successfully, to secure the right products for our business at the right price and quality, and to meet or exceed our customers' expectations. Failure to mitigate these risks might impact our elevation targets, performance and long-term growth.	<ul style="list-style-type: none"> -The Frasers Group has a policy of forging close long-term commercial relationships, which are underpinned by our commitment to product, elevation and customer excellence. -The Elevation strategy targets forging stronger relationships with key brand partners, and this continues to be an ongoing priority. -Dedicated relationship partners, procurement and commercial teams support truly integrated supplier engagement. -The Frasers Group utilises two leading supply chain companies to procure much of its own-brand products. A Frasers Group-owned supply chain entity further diversifies risk. -Our stock levels supported our ability to trade through the Covid-19 pandemic and supply chain delays. We have continued to secure ongoing supplies, due to the depth and breadth of our commercial relationships. -Suppliers sign-up to the Frasers Group Supplier Manual, which enables us to monitor and benchmark supplier performance. -Strong service level agreements are in place, which help to support an effective supply chain network. -Our own-brand investment targets consumer trends and complements third-party brands, supporting consumer choice. -Influencer partnerships and brand collaborations provide opportunities for own-brand growth. -Electronic Data Interface (EDI) capability improves our process efficiency through the commercial cycle and enhances supplier engagement through a dedicated supplier portal.

HOUSE OF FRASER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Global Macro-economic Conditions, Events (Pandemic) or Political Factors	Failure to anticipate, evaluate or appropriately respond to external events, or broader global/ macroeconomic conditions, events (pandemic) or political factors, may risk the achievement of our performance targets, impact our strategic direction or longer-term viability, or result in lost opportunities for growth.	<p>Pandemic:</p> <ul style="list-style-type: none"> -We have continued to implement effective response procedures, with Board oversight and prioritisation. -Our mandated safe working and operating standards prioritise colleague and customer wellbeing. -We deployed new safety requirements quickly, with external validation and ongoing evaluation, review and monitoring. -Investments in our online capability and customer service delivery support our accelerated growth in e-commerce. -Effective supplier and supply chain management optimises working capital and leverages and strengthens our commercial relationships. -Effective management of cash flows and committed facilities supports our liquidity, long-term viability and trading partner support. -We conduct ongoing scenario analysis, with timely reporting to management. -We leverage opportunities for investment, through strong management oversight. <p>Monitoring of economic and political change:</p> <ul style="list-style-type: none"> -We ensure ongoing financial and commercial evaluation of economic and political change, with senior management oversight and Board reporting. -The executive-led Compliance & Risk Group holds emerging risks discussions, with oversight reporting to the Frasers Group Audit Committee. -Immediate online closure of sanctioned countries for deliveries or trade through our web platforms was actioned during the current conflict.
Treasury, Liquidity and Credit Risks	Failure to appropriately manage our funding and liquidity positions and secure access to funding markets might impact our plans for growth, the ability to manage our trading requirements, meet longer-term liabilities and the ongoing viability of our business.	<ul style="list-style-type: none"> -Our Board reporting on debt, covenants, funding and cash flow positions includes stress testing and extensive business risk scenario analysis, including Brexit, Covid-19, mandated store closures and related costs. -The Frasers Group Treasury function manages liquidity, interest rate and foreign exchange risks. -The Frasers Group treasury policy, with Board oversight, outlines delegated authorities for operation, monitoring and reporting. -We have refinanced the Frasers Group facility until 2024 with an option to increase the term by an additional two years. -Ongoing monitoring and reporting of going concern and viability are part of our standard suite of internal and external reporting. -Our hedging strategy is reviewed and approved annually as part of our treasury governance, with hedging activity reported to Board. -Investments of surplus cash, borrowings and derivative investments are made under pre-approved investment criteria. -We use forward foreign currency contracts to hedge against highly probable foreign currency trading transactions. -We conduct regular monitoring of customer and counter-party credit risks.

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STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Customer	Failure to anticipate and respond to customer needs or changes in consumer trends and spending, or to drive and deliver customer service excellence, may impact our growth, value, reputation and strategic ambition.	<ul style="list-style-type: none"> -We conduct ongoing monitoring of customer insights and competitor and market trends. -We review and update our customer policies periodically which enables us to respond to and drive our customer-led strategy. -Continued investment in our customer service offering, systems and communication enables us to understand and improve our customer experience, working across all channels including social media. -We continue to develop and invest in our online offering, in line with customer demand. -Ongoing enhancement of our ESG agendas supports our strategy, in line with our customer focus.
Legal and Regulatory Compliance	An action or incident may occur which results in a legal or regulatory breach and which impacts our business financially, commercially or reputationally and/or may result in litigation.	<ul style="list-style-type: none"> -Our experienced and qualified in-house Legal team provides core services and advice as well as oversight of new and emerging legislative and regulatory requirements. -External advisers provide additional services and training in specialist areas, as required by the business and legal team. -Key legislative and regulatory compliance risk areas are prioritised (including but not limited to), FCA regulation, GDPR/data protection, health and safety, IP rights, Listing Rules and Trading Standards as an ongoing priority. -Our Code of Conduct supports our ethics, behaviours and culture, and our regulatory policies include, for example, Anti-Bribery & Corruption, Corporate Gifts & Hospitality and Conflicts of Interest. -We review the approach and content of mandatory induction, policies and ongoing training across relevant areas, for all colleagues. -The Legal team is a key contributor and adviser to the Compliance & Risk Group.
Technology Capability and Infrastructure Renewal	Failure to maximise the use of our existing technology or to renew our infrastructure in a timely and effective way may affect our ability to keep up with the pace of change and deliver our strategic ambition.	<ul style="list-style-type: none"> -We continue to develop the Frasers Group technology strategy, which is aligned to the business strategy. -Our forward programme of infrastructure renewal enables us to operate our business efficiently and support our ability to compete. -Our streamlining and decommissioning programme supports acquisitions and integration activity. -Investments in our online trading capabilities, warehouse management systems and in-store technology enhance the end-to-end customer experience. -Our experienced Technology team, supported by ongoing skills training, helps us to keep abreast of emerging technologies and customer-leading insights. -We develop an ongoing cycle of internal training programmes to support effective use of existing and new technologies across our businesses, as they are introduced. -Strengthening our information security capability has enhanced our transformation programme, our strategic technology delivery and the robustness of our second-line oversight.

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STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Cyber Risks, Data Loss and Data Privacy	A cyber-attack may result in data loss and/or denial of service, impacting our business financially through fines and penalties or lost trade, as well as our reputation and our ability to operate. Failure to adequately protect our processes and the data we hold may result in legal or regulatory breach, loss of trust and financial loss.	<ul style="list-style-type: none"> -We have strategies and policies in place to support our IT security, with continued development and review. -We collaborate closely with our industry leading service partners, who provide core services beyond our in-house capabilities. Capability delivery, security and savings are core drivers. -Protection tools, including encryption, and detection tools are in place to support effective monitoring and reporting, and are reviewed regularly. -We have enhanced our information security capabilities and strengthened our second-line monitoring. -We conduct an annual external review of our cyber infrastructure and penetration testing across the Group. -Strengthening our data protection mandate, enhancing our policies and procedures and ongoing internal training help to mitigate data protection and privacy risks and support delivery of our change and transformation programme. -We have an ongoing programme of security and privacy monitoring across Frasers Group and extended enterprise. -Our in-house Legal team supports second-line monitoring and reporting of legislative compliance. -We have continued to invest in data protection training and communications (and local legislative equivalents in our overseas operations). -We routinely action and retain Data Protection Impact Assessments.
Business Continuity Management and Incident Response	Failure to respond effectively or on a timely basis to operational or IT incidents or events might impact the Frasers Group financially through lost revenue or have a reputational impact, based on our capability and communications.	<ul style="list-style-type: none"> -Our business continuity plans are fully documented and are scheduled for continual review, revision and testing as required. -Our governance structure supports agile incident response, with clear roles, responsibilities and reporting lines. -Annual external review and challenge of our processes supports our commitment to continuous improvement. -Ongoing training supports good practice and knowledge sharing for continuity. -Internal and external communications, marketing and PR capabilities are integral to our incident response plans. -Recovery prioritisation of IT systems and processes forms part of our business impact analysis review. -We have recovery time targets for both critical and normal service functions. -Critical recovery capabilities align to our appetite and controls, supported by appropriate insurance cover.

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STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

<p>People, Talent Management and Succession</p>	<p>Failure to attract, retain or develop talent across our business and implement effective succession planning might impact our ability to achieve business and strategic objectives and the efficiency of our growth transformation.</p>	<ul style="list-style-type: none"> -Continued development of strong trainee management and apprenticeships programmes supports our future talent pipeline. -We recruit externally to fill capability gaps necessary for our growth and transformation. -We prioritise internal development and promotion wherever possible and actively encourage cross-functional experience. -A new 'fearless focus' appraisal system has been introduced, with clear expectations for performance, opportunities for development and broader succession planning. -A six pillar People Framework supporting performance and talent recognition is now in place across the Frasers Group. -An internal recruitment mandate operates, with improvements in onboarding and applicant tracking. -We have created core principles and a colleague value proposition that share the Fraser Group's values and ambitions for our people, with an elevated and re-energised website to attract talent. -A new recognition and bonus structure has been launched, recognising and rewarding people who continually adopt our core principles. -The Workers' Representative is a Board Director, who supports communication channels and gives our people a voice at the highest level in our business. -We have a strong strategy for diversity and inclusion and people support. -We have made significant investment into learning and development, supporting internal progression and overall organisational capability.
<p>Environmental, Social & Governance (ESG)</p>	<p>Failure to maximise our position and value relating to ESG factors might impact our ability to achieve our growth, value, reputation and strategic ambitions.</p>	<ul style="list-style-type: none"> -We have Board-level engagement and an Executive sponsor of our ESG agenda. -Sustainability continues to be embedded throughout the business and is a continued area of focus for the Group. -Dedicated operational leadership continues to drive project and programme initiatives and engagement through our supply chain. -Appointing a Frasers Group Carbon Reduction Manager shows our commitment to tackling climate change. -We have evaluated our risks and opportunities around climate change and our TCFD disclosures provide further details on this. -We have an environmental policy in place, which has been reviewed and approved by the Board. -We have energy efficiency targets, monitoring and measurement, with external specialist support and league tables with reward mechanisms to drive this forward. -We continue to launch ranges and products that drive responsible and sustainable purchasing decisions. -Our community initiatives support the provision of vouchers to schools and organisations to allow purchases of discounted sportswear. -Review and ongoing development of the Frasers Group Code of Conduct supports our values and colleague engagement and includes a standardised framework for supplier onboarding. -We are constantly working with our partner brands and suppliers to encourage more sustainable practices.

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STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Financial Risk Management Policies and Objectives

Liquidity and cash flow risk

Funding and liquidity for the Company's operations are provided through group facilities (including a revolving credit facility), overdrafts and shareholders' funds.

The Company's objective is to maintain sufficient funding and liquidity for its requirements, but the availability of adequate cash resources from group facilities and achieving continuity of funding in the current financial climate could be a risk to the Company in future years.

Relationships with suppliers could break down if we are unable to pay them in line with our contractual obligations.

Credit risk

The Company's key suppliers also face credit risks and as such the Company regularly assesses the viability of its suppliers and ensures there are plans to source from alternative businesses should key suppliers fail. Rigorous procedures are in place to mitigate this credit risk. The Company has a credit policy in place and the exposure to risk is monitored on an on-going basis.

Investment of cash surplus, borrowings and derivative investments are made through banks and companies which have credit ratings and investment criteria approved by the Frasers Group Board. The Group entered into a new combined term loan and revolving credit facility that is valid for three years at a value of £930 million with the option to increase the value up to £1.2 billion. As at the date of the release of this Annual report the Group facility was at a value of £980m. This replaces the previous £913m facility.

Future developments

During FY22, we have continued to see the progress of the elevation strategy with additional new flagship stores opening.

The elevation of our multi-channel retail proposition remains a key strategic objective. To this end, we are improving the customer experience at every step of the journey. We aim to deliver an unrivalled range, availability and quality of products – both third party brands and Group branded products.

The elevation strategy continues to enhance and improve our stores and all our digital operations, our product offering and our marketing channels. This is vital to strengthen our relationships with our key third party brand partners, to deliver benefits for consumers and to drive the Company's long-term profitability.

Corporate governance statement

House of Fraser Limited is a wholly owned subsidiary of Frasers Group plc. Whilst the Company itself does not comply with the requirements of the UK Corporate Governance Code it relies upon the governance arrangements put in place by the Frasers Group plc Board on the basis that the Company is an integral part of the Group. For example, the Company does not have any appointed non-executive director, so it relies on the Group non-executive directors to have oversight of House of Fraser Limited as one of the largest trading entities within Frasers Group. The Frasers Group plc Board are also solely responsible for making all strategic and operational decisions for the Company

The below assessment is therefore an assessment of the Group's activities for the period in respect of compliance with the UK Corporate Governance Code and not that of House of Fraser Limited.

The Frasers Group plc Board considers it complied with the majority of the principles and provisions of the 2018 UK Corporate Governance Code for the period ended 24 April 2022. All references to 'Board' or 'We' or 'Group' in the remainder of the Strategic Report relate to the Frasers Group plc Board rather than the Board of House of Fraser Limited.

The following paragraph sets out the provisions which have not been fully complied with during FY22 by the Group.

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STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Corporate governance provision requirements, non-compliances and resolutions

One area in which the Board was not fully compliant was Code Provision 36 which requires that remuneration schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests and that share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The Executive Share Scheme approved by 86.6% of shareholders' voting at the 2021 AGM has a total five-year vesting period as suggested by the Code but could permit 50% of share awards to vest after four years if our stretching share price targets (a minimum £12 or £15 as relevant maintained for 30 dealing days) are attained within 4 years of the commencement of the plan.

Stakeholder Engagement

Like most companies, the Company has to balance the needs of multiple stakeholders. Stakeholder engagement is integral to the growth and sustainability of the Company. We aim to ensure that we capture the views of as many stakeholders as possible. Whilst we try to accept criticisms when necessary, we are mindful that this may not always be possible. We recognise that the most important objective in our approach to stakeholder engagement is to balance stakeholder views against other competing factors and accept that it may not always be possible to achieve a satisfactory outcome for all stakeholders. During the year, the Board has made decisions based on the Board papers, presentations from senior executives and discussions with and reports from external consultants.

The Board

Board changes during the year were minimal, with one director resignation due to a conflict of interest. Despite this, the Board remains stable and well resourced. We are reviewing the Board's size, composition and skillset on a regular basis to ensure that it continues to be fit for purpose and address areas where we can make the most effective changes.

Business Model

The Group's business model remains consistent in providing customers with the world's best brands. This requires us to have the right product, in the right place, at the right time and at the right price. Our vision is to become the elevated, multi-channel platform for our Sports and Premium Lifestyle fascias. To this end, we are elevating our Group brands and our centralised support functions.

Division of Responsibilities

Detail of the division of responsibilities of the Board can be found in the Group accounts of Frasers Group plc.

Board Performance

On an annual basis the Non-executive Directors, led by Richard Bottomley, review the performance of the Chair, taking into account the views of the Executive Directors. The outcome of the review is relayed to the Chair, with constructive comments to improve future performance. During the period, the Chair reviewed the performance of all Non-executive Directors, to ensure their performance remains effective and that they are committed to and capable of performing the role. The Chair has discussed with each Non-executive Director how they can improve their knowledge, behaviour and skills, in order to be better equipped for the role. The performance of the Executive Directors was also reviewed by the Chair and the Non-executive Directors and performance objectives set.

A number of informal meetings also took place throughout the year between various Non-executive Directors and the Chair without the Executive Directors present. The performance of the Board and its committees was also reviewed.

HOUSE OF FRASER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Employees

Employee engagement statement

The Company's policy is to treat all our people with dignity and respect. The Frasers Group staff work together across all areas of the business and we are proud that Frasers Group Plc is one of the first public companies in the UK to make an elected Workers' Representative a Board member. We welcome all new colleagues into the Company following the acquisitions in the year and post period end and those who joined us through the Frasers Group Elevation Programme as well as all other new recruits.

Remuneration and rewards

Our policy is to foster a reward-based culture that enables our colleagues to share in the success of the Group. It is Company policy to pay above the statutory National Minimum Wage, including rates that are above the statutory National Living Wage for those over 23 years of age in the UK. In addition to this, in the current period the Group paid awards and incentives of approximately £15.0m, from which both permanent and casual colleagues benefitted.

Our Fearless 1000 share scheme will result in 1,000 of our Fearless colleagues, who live and breathe our values - thinking without limits and take the team with you, don't hesitate and act with purpose and own it and back yourself - being eligible to receive share bonuses ranging from £50k right up to £1m, if the share price is at £10 at the vesting dates.

Workers' representative

The Frasers Group Workers' Representative is Cally Price, a Manager at our Cardiff Bay store. The Workers' Representative has a unique insight in to the Group and will speak on behalf of the Group's workforce at all scheduled meetings of the Board, in order to facilitate a healthy and constructive dialogue.

Staff engagement

In addition to the Workers Representative, the Company has an ongoing dialogue with colleagues via an initiative called 'Your Company, Your Voice.' This is a system whereby colleagues are able to raise any issues of their choosing via a number of different routes, both physical and digital. This feedback is passed to senior management and the Workers' Representative for review and appropriate action.

Casual workers

We strive to ensure our arrangements for casual staff are fair and equitable. All casual workers are paid the same rates as permanent employees in the same role. We promote stability in working hours, while our casual workers also benefit from the flexibility to decline shifts at any time. This flexibility also benefits the Group, enabling us to adjust staffing levels to cope with peak times and quieter periods.

Casual workers are also included in our commission schemes and in the Fearless 1000 bonus scheme.

HOUSE OF FRASER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Wellbeing service

Colleague wellbeing continues to be a focus for us, as the understanding and importance of health and wellbeing and its impact on our colleagues grows. We maintain and have further embedded our relationship with the Retail Trust this year. Our partnership gives all Group colleagues access to free and confidential wellbeing support, including advice, financial assistance, face-to-face and telephone counselling, cognitive behavioural therapy, non-repayable grants, career development support, legal guidance and on-site critical incident support. The helpline is available 24 hours a day, seven days a week. We also offer an enhanced counselling referral service to colleagues who require a greater level of support.

In FY22 we have developed and launched a mental health and wellbeing series through our digital learning platform for colleagues and managers, to access support people who are dealing with issues related to their mental health.

Training and development

Continuing our objective of populating the organisation with high-calibre, well trained people to be the future leaders of the Group, this year we have started an investment of over £1m in the development of our people. We have introduced a new Head of Learning & Development to shape and develop a comprehensive offering of operational, technical and soft skills development. Our new Group L&D team provides a shared service across the business, with a key focus on management and leadership development, retail capability, commercial training and the learning experience of our colleagues. We have also invested in new 'Head of' roles in each of these areas and, true to our core principles around promoting from within, all of these roles have been filled by internal talent.

We have already launched a new Leadership Academy, which houses a trio of options for our people leaders across the Group. These include premium digital on-demand content from our strategic partners Sporting Edge, our own in-house development programme, Managing Without Limits, as well as access to professionally accredited qualifications from the Chartered Management Institute (CMI) in partnership with Corndel and Imperial College's Business School.

We have also kicked off our most significant cohort of internal apprenticeships yet, with 154 people from our early career talent pool enrolled on our new Retail Team Leader programme, investing almost £700k from our apprenticeship levy funds.

Within Retail, we have revised our new store on-boarding programme for Management colleagues and developed a new programme for our CAST teams to ensure that they receive a world class start to their careers with the Group.

Shareholders

Frasers Group plc is a publicly traded company and is the ultimate parent company of House of Fraser Limited.

The AGM provides shareholders with an avenue to have direct access to the Board and senior leadership. The Group resumed physical AGMs in FY21 but also offered shareholders the ability to submit questions prior to the meeting.

Comments from our shareholders are passed to the Board and relevant committees for consideration and analysis. The Executive Directors are also available for questions at all our result presentations and shareholders' opinions are closely monitored through analyst and broker correspondence. Our larger shareholders have regular engagement with senior executives and a number have visited our Shirebrook site during the financial year. Shareholders also have access to other key representatives of the Group, by using the investor relations contact on the Group's website.

HOUSE OF FRASER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Customers

The Group continues in its efforts to provide an elevated customer experience. Our efforts aim to act upon and improve customer feedback. Customers now have the ability to reach out to us through numerous channels and we have started the roll out of self-service options in selected fascias. There have also been improvements to the online help centre to encourage first-time resolutions for the customers who make contact and we have adopted a flexible-working approach to address customer demand during peak times.

The Group has invested in an Operational Excellence programme which is focussed on supporting, developing and empowering the Customer Service teams to provide them with the right tools to meet the highest standards of customer service and satisfaction. We have also invested in increasing our Customer Service capacity by establishing an inhouse contact centre in one of the overseas territories in which we operate. The Group has also made significant investments in our digital capabilities and approach to customer service management which we are confident will yield improved results for FY23.

The acquisition of Studio Retail Group, which had a very strong consumer credit team, has also ensured that we can accelerate our proposition of offering our customers more flexible payment options, by utilising this expertise for the rest of the Group.

Suppliers

We aim to engage with suppliers who have compatible values to those of the Group and who provide value for money and high-quality goods and services. The Group prides itself on fostering long-term relationships with our key brand partners to ensure ongoing continuity of supplies to our customers. This includes, where appropriate, making strategic investments in brand partners such as Mulberry and Hugo Boss.

Our own-brand products continue to be produced and supplied by our two gateway suppliers with whom we have a longstanding relationship.

We are currently undertaking a review of our procurement process and policies, to assess our suppliers to ensure that we can meet our ESG commitments and achieve our TCFD targets. Further information can be found in our ESG report in the Group accounts of Frasers Group Plc.

Regulators

The Group makes every endeavour to comply with its legal and regulatory obligations. We regularly liaise with HMRC, the FRC and the FCA in an open and transparent manner. The Finance team and the Board have established regular communications with tax authorities internationally. Our internal tax team has a dedicated contact at HMRC and we have dedicated contacts at other Government bodies, such as Trading Standards.

Lenders

Alongside attending all Board meetings, the Group CFO is always available to inform the Board of any updates in relation to financial lenders. With the assistance of the Group Finance team, the Group CFO ensures that the Group complies with the terms and conditions in its credit facility agreements. The Group CFO regularly liaises with the Chair of the Remuneration Committee and the Chair of the Group's Audit Committee, to discuss the Group's financial performance. Updates on the Group's financial performance are provided at every Board meeting.

HOUSE OF FRASER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Community and Charity

We are committed to engaging with the local and wider communities around our stores and our offices in London and Shirebrook, and we aim to minimise any detrimental impact on them.

The Group's Sports Directory subsidiary has been a specialist supplier of sports equipment to the education sector for nearly 30 years, and part of the Group since 2016. Sports Directory plays a key role in giving back to schools in the UK and helping to keep our young people fit and healthy. Through its 'My School' scheme, schools purchase sports equipment from Sports Directory and the business gives them the opportunity to claim a voucher for every purchase. To date, Sports Directory has issued over 65,000 vouchers to UK schools, which equates to more than £4.5 million worth of free sports equipment.

Sports Directory has also, via the Professional Footballers' Association, donated free equipment to 72 football league clubs, helping to support local communities.

For more information on Sports Directory visit: www.sportsdirectoryuk.co.uk

The Group has also run campaigns to encourage children to become active in sport. This included the Monster Kickabout campaign launched by Eric Cantona. Over 3,000 schools participated in this campaign and the Group donated £500,000 of football kits to the schools. Four schools were also given the experience of a lifetime at St George's Park, where they received the opportunity to train with FA coaches.

Environment

ESG is an increasingly important area to the Group. We recognise the importance of sustainability to our stakeholders and to the future success of the business and take seriously the part we must play to change the paradigm of the retail and manufacturing industries.

We welcome the progress made at COP26 and are actively working with our partners to identify opportunities to work together to tackle climate change, particularly in relation to carbon emissions from transport and waste.

The Group supports the introduction of the Taskforce for Climate-related Financial Disclosures (TCFD). Significant analysis and scenario modelling went into producing the Group's disclosure. The findings have given us a robust foundation to mitigate climate related risks and inform opportunities going forwards. The Group's full TCFD disclosure can be found in Frasers Group Plc annual report.

The role of the sustainability team continues to evolve as we further embed sustainability throughout the Group, linking sustainability to Group strategy and vice versa. TCFD has further helped to formalise this approach and the Group's sustainability manager is an integral member of the newly formed Climate Risk Group.

There has been a particular focus on materiality and data gathering over the past year, to better inform the direction of the Group's ESG journey. Notably, there has been improved data collected on energy use and savings, product material composition and single-use plastic.

We expect continued improvement in the quality of data we collect and in the way we use and share that data, to better inform agile decision making as the information and the opportunities that presents become clearer.

Campaigns through the year included the Save the Bumblebees campaign, which aimed to engage and educate customers on biodiversity, giving out free seeds and information booklets and temporarily rebranding our popular Sports Direct bag for life and mug with the #savethebumblebees logo.

For further information, see Frasers Group Plc annual report.

Section 172 Statement

The Board confirms that, during FY22 it has acted in the way it considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole having regard to the shareholders and matters set out in s172(1)(a)-(f) of the Companies Act 2006.

This statement sets out the matters considered under each subsection of s172(1)(a)-(f) and provides cross references to where further information can be found in the Annual Report.

HOUSE OF FRASER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Decision making areas and principal decisions/steps in the period

A. The likely consequences of any decision in the long term

When making key strategic decisions, the Board takes into consideration the strategy, purpose, values and culture of the Group. The Board is focused on the sustainability of the Group and mindful of the impact the decisions may have on this objective. For each matter, it also considers the likely consequences of any decision in the long term, identifying stakeholders who may be affected and carefully considering their interests and any potential impact part of the decision-making process may have. During the year, the Board has made decisions based on Board papers, presentations from senior executives, information documents, discussions with external advisors and reports.

Principal decisions/steps:

Key appointments to positions of senior leadership within the Group which included:

Preparation for the transition of Michael Murray who was appointed as CEO on 1 May 2022 as part of the Board's long-term succession planning. The Board felt Michael had proved himself to be a valuable asset to the business, as an external consultant in relation to property matters and the elevation of the physical store estate. More recently, in his role of Head of Elevation, he has built up a strong rapport with a number of key brands.

The approval of the appointment of Dave Al-Mudallal and Sean Nevitt as Chief Operating Officer and Chief Commercial Officer respectively, so that more focus can be placed on areas of the business that will add value and contribute to the ongoing Elevation strategy.

The decision to continue the share buyback programme was also key during the financial year to demonstrate that the Board continues to maintain confidence in the performance of the Group.

The Board continued to be acquisitive throughout the year. The acquisition of Studio Retail Limited was of strategic importance to the Group due to its credit offering which is an area that the Group is keen to explore for its other fascias. SRL's expertise in this regard will provide valuable insight for the Group.

B. The interests of the Company's employees

Details of the initiatives and engagement with our colleagues is detailed on pages 9 and 10 and in the Workers' Representative Report, Our People Report and the Directors' Report within the Frasers Group Plc annual report.

Principal decisions/steps:

The Non-Executive Workforce Director remains the primary method that we use to ensure that colleagues are listened to and responded to by somebody who fully understands their situation. Cally Price remains the Workers' Representative on the Board and retains full control of the colleague welfare portal.

The Group has also implemented a new e-learning and development programme which includes a new learning platform for colleagues which not only covers regulatory learning, including data protection, but also personal development and wellbeing courses that can be used outside the business.

It has also been decided that a Leadership Academy that provides professional accreditation and fosters home grown talent from within the organisation should be offered. This allows us to invest in our people and retain our talent, which helps with the long-term planning and sustainability of the Group.

C. The need to foster the Company's business relationships with suppliers, customers and others

The Group aims to develop and maintain mutually beneficial business relationships with all of the Group's suppliers and government agencies and other stakeholders. Details of the Company's business relationships with suppliers, customers, regulators and lenders are summarised on page 11.

HOUSE OF FRASER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Principal decisions/steps:

- The Group launched its new loyalty programme.
- We have increased the available customer service contact channels for our customers to provide greater choice.
- We are focusing on increasing the number of satisfaction surveys to assist with the Group's strategy of improving overall customer satisfaction.
- Reworked operating hours, to be aligned to customer demands and activity.

D. The impact of the Company's operations on the community and the environment

Details of the Company's initiatives undertaken in respect of sustainability and the community are included on page 12 and in the Frasers group plc annual report.

Principal decisions/steps:

- We have developed and published our ESG policy.
- The Group has signed up to the textiles 2030 initiative to address sustainability issues within the supply chain.
- We have developed extensive metrics and targets around TCFD reporting.
- The Group has responded to the SBTi's urgent call for corporate climate action, by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign.

As part of our sustainability plans, the Group has launched a pilot – the ReLived Scheme, which is aimed at recycling used clothing so it can be redistributed to the people in the communities that need it the most. We are also supporting the Bumblebee Conservation Trust and have launched a campaign to save the bumblebees.

E. The desirability of the Company maintaining a reputation for high standards of business conduct

At all times we endeavour to adhere to strict Corporate Governance standards. The Board continues to comply with the Corporate Governance Code as well as industry best practice.

Principal decisions/steps:

Following recommendations from external consultants, the Board approved the review and elevation of the Group's internal policies and procedures to bring them into line with industry standards and best practice. These new policies and procedures implement greater levels of transparency within the business.

F. The need to act fairly between members of the Company

All shareholders of the Group hold ordinary shares which attach the same rights and benefits. We ensure that all shareholders have the opportunity to express their concerns to the Board throughout the year, with the existence of our investor relations contact on the Group's website, and endeavour to respond when appropriate. The AGM allows an opportunity for shareholders to ask questions and to discuss issues in more depth.

Principal decisions/steps:

The Group recognises that the interests of institutional investors and other shareholders may not always align with that of our majority shareholder. As a result, certain resolutions at the AGM are required to pass on a majority of independent shareholders vote.

The Group invites and analyses feedback from investors in relation to their votes on resolutions put forward at the AGM as well as internal policies. This feedback is routinely presented to the Board for consideration during its decision making and long-term planning.

On behalf of the board

DocuSigned by:

.....180A8E7EE506410...
AA Adegoke
Director

Date: 10 November 2022
.....

HOUSE OF FRASER LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 24 APRIL 2022

The directors present their financial statements for the period ended 24 April 2022.

Principal activities

The principal activity of the Company continued to be that of the retailing of premium fashion, beauty and homeware brands in stores and online.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

A P O Dick
A A Adegoke
D C Epstein

Results and dividends

No dividends were declared or paid in the period (2021 - £nil). The directors do not recommend payment of a final dividend.

Going concern

The Company is part of the wider Frasers Group and is considered a key subsidiary within the Group. It has access to financial resources via a Group banking facility. On 30 November 2021 Frasers Group refinanced its existing borrowings and entered into a combined term loan and revolving credit facility of £930.0m for a period of 3 years, with the possibility to extend this by a further 2 years. The board of Frasers Group plc, have undertaken to support the Company for a period of at least 12 months from the date of approval of these financial statements. Frasers Group plc, as a controlling party, has also confirmed that it, and its subsidiary companies, do not intend to demand repayment of amounts due to group undertakings of £111.9m for at least 12 months from the date of approval of these financial statements.

The directors believe that the Company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

The Directors of both the Company and Frasers Group Plc have assessed the level of trading and has forecast and projected a conservative base case and also a number of even more conservative scenarios. These forecasts and projections show that the Company and Frasers Group Plc will be able to operate within the level of the current facility and its covenant requirements (being interest cover and net debt to EBITDA ratios). Management of both the Company and Frasers Group Plc also have a number of mitigating actions which could be taken if required such as putting on hold discretionary spend, liquidate certain assets on the balance sheet and pay down the Revolving Credit Facility.

Having thoroughly reviewed the Company's performance and having made suitable enquiries, the Directors are confident that the Company has adequate resources to remain in operational existence for the foreseeable future which is at least 12 months from the date of these financial statements. Trading would need to fall significantly below levels observed during the pandemic to require mitigating actions or a relaxation of covenants. On this basis, the Directors continue to adopt the going concern basis for the preparation of the Annual Report and Financial Statements which is a period of at least twelve months from the date of approval of these financial statements.

Qualifying third party indemnity provisions

Frasers Group plc has granted the directors of the Company with Qualifying Third Party Indemnity provisions within the meaning given to the term by Sections 234 and 235 of the Companies Act 2006. This is in respect of liabilities to which they may become liable in their capacity as director of the Company and of any company within the group. Such indemnities were in force throughout the financial year and will remain in force.

HOUSE OF FRASER LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Frasers Group currently has approx. 30,000 colleagues in its stores, offices and warehouses.

The workforce (including that of the Company) is notified of announcements and major changes in the business via Company emails, SLACK, social media and our intranet, as well as information being communicated through line managers. The Company has elected a Workers' Representative, Cally Price, who attends all Board meetings and provides feedback from employees to the Board. The Group also has the 'Your Company, Your Voice' scheme which enables colleagues to raise issues of concern via suggestion boxes. The contributions are read by senior management and the Workers' Representative, who provides the Board with an overview and replies to colleagues as appropriate. A selection of questions received, and answers given by management, are displayed in communal areas for colleagues.

The Frasers Group has invested heavily in a new e-learning platform that provides colleagues with access to courses and opportunities to keep up to date with the latest developments of the Frasers Group as well as personal development opportunities. Our new Leadership Academy also invests in colleagues who wish to grow within the business and provides them with the opportunity to shape the policies and future direction of the business.

Our retail conferences offer attendees an opportunity to celebrate their successes, receive updates on how the Frasers Group's strategy is progressing, and for them to judge how the Frasers Group is performing via the 'Confident or Concerned' questionnaire.

Our monthly nominations for 'Frasers Champion' provides colleagues with the opportunity to individually recognise and reward the hard work of their fellow colleagues. Winners of the monthly champion awards win an additional month's salary as well as 10 points under the Fearless 1000 bonus scheme. A total of 98 colleagues were 'Frasers Champions' in the year.

There are various colleague incentives available to our retail colleagues. These incentives include our 5 Star Commission Scheme, Turnover Bonus, PBT Bonus, Stocktake Bonus and other commission schemes. These schemes vary between fascias.

Further information on relationships with our people and the principal decisions taken by the Frasers Group during the period having regard to colleague involvement can be found on page 13 and in the Frasers Group accounts.

Diversity and Equal Opportunities

The Frasers Group's recruitment policy is to match the capabilities and talents of each applicant to the appropriate job. Factors such as gender, race, religion or belief, sexual orientation, age, disability or ethnic origin are ignored, and decisions are made with regard to candidates irrespective of these factors. Discrimination in any form is not tolerated within the Frasers Group.

Applications for employment by persons with any disability are given full and fair consideration for all vacancies and are assessed in accordance with their particular skills and abilities.

The Frasers Group endeavours to meet its responsibilities towards the training and employment of disabled people, and to ensure that training, career development and promotion opportunities are available to all.

HOUSE OF FRASER LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

The Frasers Group makes every effort to provide continuity of employment when our people become disabled. Attempts are made in every circumstance to provide employment, whether this involves adapting the current job role and remaining in the same job, or moving to a more appropriate role. Job retraining and job adaptation are just two examples of how the Frasers Group works in the interests of its workforce to promote equal opportunities, in order that an individual's employment within the Frasers Group may continue. The Frasers Group values the knowledge and expertise that our people have gained throughout their time with us, and therefore does not wish to lose valued colleagues.

Further information on our approach to diversity can be found in the Frasers Group accounts.

Link to Strategic report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. The following which would normally be present in the Directors' Report has instead been considered in the Strategic Report due to its significance and relevance to the underlying strategy of the Company:

- Principal risks and uncertainties
- Financial risk management policies and objectives
- Future developments
- Corporate governance statement
- Employee engagement statement
- Statements regarding the fostering of relationships with suppliers, customers and others

Environmental reporting

The Company has applied the exemption given in the Companies Act Sch7.15 (20A) not to present disclosures in its individual accounts due to its inclusion in the group report of Frasers Group Plc which is prepared in accordance with the carbon and energy reporting requirements in UK legislation.

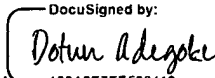
Auditor

In accordance with the Company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the Company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

DocuSigned by:

180A8E7EE506410...
AA Adegoke
Director

Date: 10 November 2022

HOUSE OF FRASER LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 24 APRIL 2022

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- 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 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.

HOUSE OF FRASER LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOUSE OF FRASER LIMITED

Opinion

We have audited the financial statements of House of Fraser Limited (the 'company') for the year ended 24 April 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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 24 April 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

HOUSE OF FRASER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HOUSE OF FRASER LIMITED

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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 18, 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.

HOUSE OF FRASER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HOUSE OF FRASER LIMITED

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and correspondence with HMRC.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to competition and anti-bribery laws, data protection, environmental and health and safety regulations. We performed audit procedures to inquire of management and in-house legal counsel concerning actual and potential litigation and claims and inspected correspondence with regulatory authorities.

HOUSE OF FRASER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HOUSE OF FRASER LIMITED

The audit engagement team identified the risk of management override of controls, fraudulent revenue recognition and those areas in which management is required to exercise significant judgement, as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing the appropriateness of journal entries and other adjustments based on risk criteria and comparing the identified entries to supporting documentation;
- assessing whether the judgements made in making accounting estimates were indicative of potential bias;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- investigating transactions posted to nominal ledger codes outside of the normal revenue cycle identified through the use of data analytics tools;
- testing the accuracy and existence of sales through agreement to cash receipt and other supporting evidence.

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

Use of our report

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

Rachel Fleming

Rachel Fleming (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

10 November 2022
Date

HOUSE OF FRASER LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 24 APRIL 2022**

		Period ended 24 April 2022 £'000	Period ended 25 April 2021 £'000
	Note		
Revenue	3	363,566	204,534
Cost of sales		(166,253)	(85,348)
Gross profit		197,313	119,186
Distribution costs		(63)	(86)
Administrative expenses		(179,843)	(159,147)
Other operating income	3	3,254	12,810
Operating profit/(loss)	4	20,661	(27,237)
Finance costs		(4)	(23)
Profit/(loss) before taxation		20,657	(27,260)
Tax on profit/(loss)	6	-	(54)
Profit/(loss) for the financial period		20,657	(27,314)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There were no other gains or losses arising in either periods presented.

The notes on pages 26 - 38 form part of these financial statements.

HOUSE OF FRASER LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 24 APRIL 2022**

		2022	2021
	Note	£'000	£'000
Non-current assets			
Intangible fixed assets	7	-	-
Property, plant and equipment	8	1,013	3,430
Current assets			
Trade and other receivables	9	81,665	86,923
Cash and cash equivalents		11,991	20,108
		93,656	107,031
Current liabilities	10	(151,713)	(216,231)
Net current liabilities		(58,057)	(109,200)
Total assets less current liabilities		(57,044)	(105,770)
Provisions for liabilities	11	(28,808)	(739)
Net liabilities		(85,852)	(106,509)
Equity			
Called up share capital	14	-	-
Retained earnings	15	(85,852)	(106,509)
Total equity		(85,852)	(106,509)

The financial statements were approved by the board of directors and authorised for issue on 10 November 2022 and are signed on its behalf by:

DocuSigned by:


 A A Adegoke
 Director

Company Registration No. 10686681

The notes on pages 26 - 38 form part of these financial statements.

HOUSE OF FRASER LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 24 APRIL 2022

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 27 April 2020:	-	(79,195)	(79,195)
Period ended 25 April 2021			
Loss and total comprehensive income for the period	-	(27,314)	(27,314)
Balance at 25 April 2021	-	(106,509)	(106,509)
Period ended 24 April 2022:			
Profit and total comprehensive income for the period	-	20,657	20,657
Balance at 24 April 2022	-	(85,852)	(85,852)

HOUSE OF FRASER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 24 APRIL 2022

1 Accounting policies

Company information

House of Fraser Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit A, Brook Park East, Shirebrook, Mansfield, NG20 8RY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements are for a period of 52 weeks ended 24 April 2022 (2021: 52 weeks ended 25 April 2021).

The financial statements have been prepared under the historical cost basis. The principal accounting policies adopted are set out below.

Reduced disclosures

As permitted by FRS 102 the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement, share-based payments, the aggregate remuneration of key management personnel and related party transactions with other wholly-owned members of the group. Where required, equivalent disclosures are given in the group accounts of Frasers Group plc in which these financial statements are consolidated. The group accounts of Frasers Group plc are available to the public and can be obtained as set out in note 18.

1.2 Going concern

The Company is part of the wider Frasers Group and is considered a key subsidiary within the Group. It has access to financial resources via a Group banking facility. On 30 November 2021 Frasers Group refinanced its existing borrowings and entered into a combined term loan and revolving credit facility of £930.0m for a period of 3 years, with the possibility to extend this by a further 2 years. The board of Frasers Group plc, have undertaken to support the Company for a period of at least 12 months from the date of approval of these financial statements. Frasers Group plc, as a controlling party, has also confirmed that it, and its subsidiary companies, do not intend to demand repayment of amounts due to group undertakings of £111.9m for at least 12 months from the date of approval of these financial statements.

The directors believe that the Company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

The Directors of both the Company and Frasers Group Plc have assessed the level of trading and has forecast and projected a conservative base case and also a number of even more conservative scenarios. These forecasts and projections show that the Company and Frasers Group Plc will be able to operate within the level of the current facility and its covenant requirements (being interest cover and net debt to EBITDA ratios). Management of both the Company and Frasers Group Plc also have a number of mitigating actions which could be taken if required such as putting on hold discretionary spend, liquidate certain assets on the balance sheet and pay down the Revolving Credit Facility.

Having thoroughly reviewed the Company's performance and having made suitable enquiries, the Directors are confident that the Company has adequate resources to remain in operational existence for the foreseeable future which is at least 12 months from the date of these financial statements. Trading would need to fall significantly below levels observed during the pandemic to require mitigating actions or a relaxation of covenants. On this basis, the Directors continue to adopt the going concern basis for the preparation of the Annual Report and Financial Statements which is a period of at least twelve months from the date of approval of these financial statements.

HOUSE OF FRASER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

1 Accounting policies

(Continued)

1.3 Revenue

Revenue represents amounts receivable for goods sold, net of discounts and sales related taxes.

In the case of goods sold through retail stores, revenue is recognised when goods are sold to the customer (which is considered to be when the significant risks and rewards of ownership have transferred to the customer), less provision for returns. Accumulated experience is used to estimate and provide for such returns at the time of the sale. Retail sales are usually in cash, by debit card or by credit card.

Revenue for third party commission on concession sales is recognised when goods are sold to the customer. The Company acts as the agent so revenue is stated at the full value of the commission that the Company receives on the transaction.

For loyalty schemes, as points are earned by customers the estimated fair value of the points to the customer is deferred. The deferral is based on the estimated level of vouchers being triggered at the contractual threshold levels and based on estimated levels of redemption. The deferral is treated as a deduction from revenue.

Revenue from gift cards and vouchers is recognised when the cards or vouchers are redeemed by the customer, breakage is recognised when the likelihood of the card or voucher being redeemed is remote or has expired. For gift cards monies received represent deferred revenue prior to the redemption.

Royalty income is generated from other group entities on web sales under the Company's fascia/brand name. Recognition of income is when the risks and rewards of the group inventory are passed to the customer. Royalties distributed to the Company equate to the revenue generated less direct operating overheads.

1.4 Other operating income

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the Income Statement at their fair value in the period in which they become receivable.

The Company has received Government support in the period relating to business rates relief and the Coronavirus Job Retention Scheme (CJRS) as a result of the Covid-19 pandemic. The amount received by the Company in the period in regard to the CJRS was approx. £58k (2021: £12,234k). The amounts quoted have been recognised in Other Operating Income in the period.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. A full year of depreciation is charged on all additions in plant, property and equipment in the period.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	5 years or over the life of the lease, whichever is shortest, straight line
Fixtures, fittings and equipment	3-5 years straight line

HOUSE OF FRASER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

1 Accounting policies

(Continued)

1.5 Property, plant and equipment (continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of total comprehensive income.

Impairment of non-current assets

At each reporting date, the directors review the carrying amounts of the Company's tangible and intangible assets, other than goodwill and intangible assets with an indefinite life, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset in its current condition is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. With respect to property, plant and equipment, each store is considered to be a CGU and reviewed for impairment whereby changes in circumstances indicate that the recoverable amount is lower than the carrying value.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease to the original historic cost and then as an expense.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The Company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Recognition and measurement of financial instruments

Financial assets and financial liabilities are recognised when the Company become a party to the contractual provisions of the instrument.

Trade, group and other debtors

Trade, group and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised are recognised immediately in profit or loss.

Trade creditors, group and other creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

HOUSE OF FRASER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

1 Accounting policies

(Continued)

1.8 Taxation

The tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted.

Offsetting tax assets and liabilities

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

1.9 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Company provides for its legal responsibility for dilapidation costs following advice from chartered surveyors and previous experience of exit costs. The estimated cost of fulfilling the leasehold dilapidations obligations is discounted to present value and analysed between non-capital and capital components. The capital element is depreciated over the life of the asset. The non-capital element is taken to the income statement in the first year of the lease where the cost it represents is of no lasting benefit to the Company or its landlord. 'Wear and tear' costs are expensed to the income statement.

Provisions for onerous lease contracts are recognised when the Company believes the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

Legal provisions (including settlements and court fees) are recognised based on advice from the Company's lawyers when it is probable that there will be an outflow of resources and a reliable estimate can be made.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

1.10 Employee benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required as part of the cost of stock or are capitalised as an intangible fixed asset or tangible fixed asset.

The regular cost of providing retirement pensions and related benefits is charged to the Income Statement over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the Income Statement and the contributions paid to the scheme is shown as an asset or liability in the Statement of Financial Position.

HOUSE OF FRASER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

1 Accounting policies

(Continued)

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Incentives provided by the lessor are credited to the statement of comprehensive income on a straight line basis over the lease term.

Sale and leaseback transactions are assessed to consider whether the lease represents a finance lease or operating lease based on whether the risks and rewards of ownership are retained. Where a sale and leaseback transaction results in an operating lease and the transaction is established at fair value the calculated gain or loss is recognised immediately.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

1.14 Holiday Pay Accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date. The amount of any liability is not significant as the Company's holiday pay entitlement period is aligned with the financial period end.

HOUSE OF FRASER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Property related provisions

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

Dilapidations

The Company provides for its legal responsibility for dilapidation costs following advice from chartered surveyors and previous experience of exit costs (including strip out costs and professional fees). The estimated cost of fulfilling the leasehold dilapidations obligations is discounted to present value and analysed between non-capital and capital components. For leases entered into management use a reference estimate of £100,000 for large leasehold stores and £50,000 for small leasehold stores.

Onerous lease provisions

Provisions for onerous lease contracts are recognised when the unavoidable cost of meeting lease obligations exceed the economic benefits expected to be received over the term of the lease. Where an onerous lease has been identified, the fixed assets associated to that store are also reviewed for impairment.

Management use store EBITDA in order to determine whether an onerous lease exists, specific assumptions which involve the use of estimates to determine the appropriate level of provision and impairment include:

- Forecast sales and margin in stores, reflecting historic and expected future performance including the impact of the Elevation strategy across the group
- Forecast wages and direct store cost inflation
- Store profitability includes 100% contribution towards central overheads
- Assumed get out cap of 10 years (FY21: 10 years), being the maximum period for total unavoidable costs
- Planned store closures, relocations and re-brandings

The key assumptions used for FY22:

Key assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
Sales decline	-10%	-5%	-4%	-3%	-2%
Existing gross margin	-200bps	-175bps	-150bps	-125bps	-100bps
Operating costs increase per annum	6%	3%	3%	3%	3%
Discount rate	7.5%	7.5%	7.5%	7.5%	7.5%
Terminal growth rate of 2%					

HOUSE OF FRASER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

The key assumptions used for FY21:

Key assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
Sales decline	-15%	-5%	-4%	-3%	-2%
Existing gross margin	-100bps	-175bps	-150bps	-125bps	-100bps
Operating costs increase per annum	3%	3%	3%	3%	3%
Discount rate	2%	2%	2%	2%	2%
Terminal growth rate of 2%					

As a result of this review, an additional £28.0m was recognised as an additional provision in FY22.

A sensitivity analysis has been performed in respect of sales, margin, new store exemption and operating costs as these are considered to be the most sensitive of the key assumptions.

Sensitivity of estimates:

Forecast:	Impact of change in assumption:	Provision increase/ (decrease) £'m
Sales decline year 1	10% improvement to 0%	(5.4)
Sales decline year 1	10% reduction to 20%	nil
Existing Gross Margin year 1 >40%	100bps - improvement	(0.5)
Existing Gross Margin year 1 >40%	100bps - reduction	nil
New store exemption(1)	Change from 1 to 2 years	(0.1)
Operating costs increase in year 1	Change from 6% to 10%	nil

(1) Stores which have been open for less than 1 year are not reviewed for onerous provisions.

3 Revenue and other operating income

The total revenue of the Company for the period has been derived from its principal activity relating to the sale of goods wholly undertaken in the United Kingdom.

	2022 £'000	2021 £'000
Revenue		
Store revenue	308,834	149,298
Royalty income	54,732	55,236
	<u>363,566</u>	<u>204,534</u>

HOUSE OF FRASER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 24 APRIL 2022****3 Revenue and other operating income****(Continued)**

	2022	2021
	£'000	£'000
Other operating income		
Other income	1,427	-
Government grants received	58	12,234
Commission income	1,769	576
	<u>3,254</u>	<u>12,810</u>

4 Operating profit/(loss)

	2022	2021
	£'000	£'000
Operating profit/(loss) for the period is stated after charging/(crediting):		
Exchange losses/(gains)	242	(45)
Fees payable to the Company's auditor for the audit of the Company's financial statements	134	128
Depreciation of owned property, plant and equipment	736	3,731
Impairment of owned property, plant and equipment	2,993	2,187
Loss on disposal of property, plant and equipment	128	-
Inter-company receivables impairment	-	2,366
Operating lease charges	5,364	5,260
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the Company during the period was:

	2022	2021
	Number	Number
Retail and distribution	2,875	2,892
Management and administration	40	56
	<u>2,915</u>	<u>2,948</u>

Their aggregate remuneration comprised:

	2022	2021
	£'000	£'000
Wages and salaries	38,565	35,790
Social security costs	2,185	1,928
Pension costs	1,116	1,130
	<u>41,866</u>	<u>38,848</u>

The directors are not remunerated in respect of any qualifying services provided to the Company. They are remunerated via other group companies and no amounts have been recharged.

HOUSE OF FRASER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 24 APRIL 2022****6 Taxation**

	2022 £'000	2021 £'000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	150
Adjustment in respect of prior periods	-	(96)
Total deferred tax	-	54
Total tax charge	-	54

The actual charge for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit/(loss) before taxation	20,657	(27,260)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	3,925	(5,179)
Tax effect of expenses that are not deductible in determining taxable profit	871	574
Tax effect of income not taxable in determining taxable profit	(178)	-
Change in unrecognised deferred tax assets	1,523	1,270
Adjustments in respect of prior years	-	(96)
Group relief	(6,162)	3,346
Fixed asset timing differences	(399)	60
UK transfer pricing adjustment for notional interest	420	79
Taxation charge for the period	-	54

In the Budget on 3 March 2021, the UK government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at the reporting date.

HOUSE OF FRASER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

7 Intangible fixed assets

	Goodwill £'000	Software & IT £'000	Total £'000
Cost			
At 26 April 2021 and 24 April 2022	2,200	500	2,700
Amortisation and impairment			
At 26 April 2021 and 24 April 2022	2,200	500	2,700
Carrying amount			
At 24 April 2022	-	-	-
At 25 April 2021	-	-	-

8 Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 26 April 2021	759	12,455	13,214
Additions	-	1,441	1,441
Disposals	(106)	(586)	(692)
Reclassifications	19	(19)	-
At 24 April 2022	672	13,291	13,963
Depreciation			
At 26 April 2021	526	9,258	9,784
Depreciation charged in the period	8	728	736
Impairment losses	244	2,749	2,993
Eliminated in respect of disposals	(106)	(457)	(563)
At 24 April 2022	672	12,278	12,950
Carrying amount			
At 24 April 2022	-	1,013	1,013
At 25 April 2021	233	3,197	3,430

Depreciation of Property, Plant and Equipment is included within administrative expenses.

The impairment charge relates to the write-down of assets to their recoverable amount where this is deemed to be lower than the carrying amount. The impairment in the current period relates to the fixtures, fittings & equipment at stores where the recoverable amount is lower than the carrying amount as a result of the impact of the ongoing challenges in the retail sector on the forecast of cash flows.

During the period assets were identified that were previously classified within Fixtures, fittings and equipment but management believe it to be more appropriate to classify within Leasehold improvements.

HOUSE OF FRASER LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 24 APRIL 2022****9 Trade and other receivables**

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	833	2,533
Amounts owed by group undertakings	67,236	74,153
Other receivables	9,500	8,620
Prepayments and accrued income	4,096	1,617
	<u>81,665</u>	<u>86,923</u>

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

Trade receivables are stated after provisions for impairment of £40k (2021: £454k).

10 Current liabilities

	2022	2021
	£'000	£'000
Trade payables	5,978	7,918
Amounts owed to group undertakings	111,924	184,660
Taxation and social security	590	1,296
Other payables	12,815	9,090
Accruals and deferred income	20,406	13,267
	<u>151,713</u>	<u>216,231</u>

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

11 Provisions for liabilities

	2022	2021
	£'000	£'000
Property related	<u>28,808</u>	<u>739</u>

Movements on provisions:

	£'000
At 26 April 2021	739
Additional provisions in the year	28,069
At 24 April 2022	<u>28,808</u>

HOUSE OF FRASER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

11 Provisions for liabilities

(Continued)

Included within property related provisions are provisions for dilapidations and onerous leases in respect of the Company's retail stores. Further details of management estimates are included in note 2. The timing of cash outflows in respect of provisions is uncertain.

12 Deferred taxation

There were no deferred tax movements in the period.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

The Company has an unrecognised deferred tax asset of £2,792,573 (2021: £1,270,004).

13 Retirement benefit schemes

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,116	1,130

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Contributions totalling £624k (2021: £Nil) were payable to the fund at the Statement of Financial Position date and are included in payables

14 Share capital

	2022 £	2021 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

The ordinary shares have attached to them full voting, dividend and capital distribution rights.

15 Retained earnings

Retained earnings represents accumulated comprehensive income for the current period and prior period.

HOUSE OF FRASER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 24 APRIL 2022

16 Operating lease commitments

Lessee

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	1,665	1,700
Between one and five years	6,400	6,463
In over five years	10,845	12,445
	<u>18,910</u>	<u>20,608</u>

House of Fraser Limited are recharged by Group companies for the use of the other stores they operate from. In the period ended 24 April 2022 £7,370k (2021: £30,420k) was recharged to the Company. During the period, a reassessment of the type of costs that are recharged took place, resulting in a reduction of the recharge amount in FY22. House of Fraser Limited will continue to be recharged in future years on the same basis.

17 Related party transactions

Transactions with related parties

During the period the Company entered into the following transactions with related parties:

	Purchases	
	2022 £'000	2021 £'000
Other related parties	160	-
	<u>160</u>	<u>-</u>

The transactions and closing balances included in Other related parties relate to Key Management Personnel.

As permitted by FRS 102 the Company has taken advantage of the disclosure exemption available under that standard in relation to related party transactions with other wholly-owned members of the group.

18 Ultimate controlling party

The ultimate controlling party is M J W Ashley, by virtue of his 100% ownership of MASH Holdings Limited, the ultimate parent company. MASH Holdings Limited indirectly holds the majority of shares in Frasers Group plc, who own 100% of the share capital of Sportsdirect.com Retail Limited (the immediate parent company).

Frasers Group plc is the smallest company and MASH Holdings Limited is the largest company to consolidate these accounts. Both Frasers Group plc and MASH Holdings Limited are companies registered in England and Wales. A copy of the group accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.