QUIZ PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

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OPERATIONAL HIGHLIGHTS

- Previously targeted gross cost savings of £2–3 million achieved.
- Online sales represented 31.8% of Group revenue (FY 2019: 31.4%).
- Active online customer base increased 11% to 638,000 (FY 2019: 576,000)[1].
- Continued investment in online propositions with launch of QUIZ VIP delivery pass and partnership with Klarna.

POST PERIOD END

- The Group has agreed an extension of its existing £3.5 million banking facilities until 31 October 2021.
- Store restructuring undertaken post year end, resulting in lower future rental costs and more flexible leases. Further to the restructuring, the Group closed three stores in Spain.
- The Group has so far reopened 60 stores in the United Kingdom and four in the Republic of Ireland and is in negotiations with regards to a total of five further stores.
- The COVID-19 pandemic has significantly impacted QUIZ's sales in the current financial year with stores and concessions closed for a number of months. As a result, the Group's total sales in the six months to 30 September 2020 amounted to £17.2 million, a 73% decline on the £63.3 million revenues generated in the six months to 30 September 2019.
- The Group conducted a thorough review of its ethical auditing processes to ensure they are robust enough to ensure ongoing compliance with the Group's Ethical Code of Practice throughout QUIZ's supply chain. As a result of the review, the Group has taken a number of actions to strengthen its procedures and ensure that its products are consistently supplied in line with QUIZ's Ethical Code of Practice.

1. An active customer is a customer registered on our database who has transacted in the last twelve months.
2. International sales comprise the results from QUIZ standalone stores and concessions in the Republic of Ireland, standalone stores in Spain and franchises in 20 countries.
3. Underlying EBITDA and the loss before tax in the current year exclude: non-recurring charges in respect of the impairment of right-of-use assets, property, plant and equipment and goodwill, the write-down of inventory and a bad debt expense as well as the impact of implementing IFRS 16. In the prior year, the costs of non-recurring expenses relating to written off bad debt in relation to the House of Fraser administration are excluded. A reconciliation to reported IFRS results is included in the Financial and Business Review on pages 14 to 17.
4. Underlying EPS: underlying PBT less tax at statutory rate divided by the number of shares.
5. Capital expenditure comprises spend on intangible assets and property, plant and equipment.

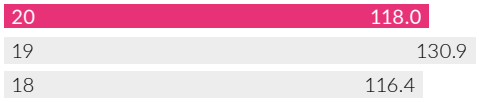
FINANCIAL HIGHLIGHTS

- Group revenue decreased 10% year on year reflecting challenges during the year as well as a sharp decline in March sales further to COVID-19 disruption.
  - Online revenue decreased 9% year on year to £37.5 million (FY 2019: £41.0 million) with the decline predominantly reflecting lower sales via third-party websites. Sales volumes through the QUIZ website were consistent with the previous year but more profitable year on year.
  - International sales decreased 5% to £21.8 million (FY 2019: £23.0 million) reflecting declining revenues from stores and concessions in the Republic of Ireland and the cessation of certain franchise sales[2].
  - Revenue from UK Stores and concessions decreased 12% to £58.7 million (FY 2019: £66.9 million).
- Group Gross margin of 60.3% (FY 2019: 60.7%) reflecting increased provisions made against slow moving stock.
- Underlying EBITDA of £0.6 million (FY 2019: £4.6 million).
- Net cash position of £6.9 million at the year end (FY 2019: £7.5 million).

Note: The basis of preparation of the consolidated financial statements for the current and previous year is set out in the Financial Review on page 14.

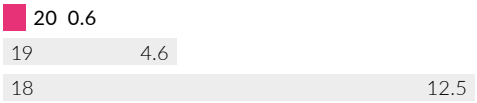
GROUP REVENUE

£118.0m -10%



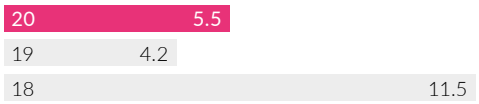
UNDERLYING EBITDA[3]

£0.6m -87%



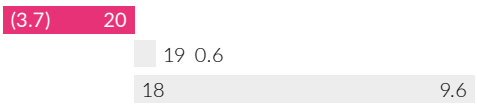
EBITDA

£5.5m +31%



UNDERLYING (LOSS)/PROFIT BEFORE TAX[3]

£(3.7)m



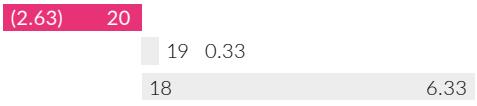
(LOSS)/PROFIT BEFORE TAX[3]

£(29.4)m



UNDERLYING BASIC EPS[4]

(2.63)p



CAPITAL EXPENDITURE[5]

£4.1m



NET CASH AT YEAR END

£6.9m -£0.6m



AT A GLANCE

OMNI-CHANNEL FASHION

QUIZ is an omni-channel fashion brand, specialising in occasion wear and dressy casual wear. QUIZ delivers a distinct proposition that empowers its fashion-forward customers to stand out from the crowd. QUIZ operates through an omni-channel, fast-fashion business model, which encompasses online sales, standalone stores, concessions, international franchises and wholesale arrangements.

CORE STRENGTHS

BRAND
We have an established and distinctive brand proposition enabling QUIZ to expand across product categories and distribution channels.

SUPPLY CHAIN
Our infrastructure and "test and repeat" supply chain are proven.

EXPANDING ONLINE CUSTOMER NUMBERS
Sales growth through QUIZ's online channels remains a key priority: increased awareness of our brand driven by effective marketing; the strength of our products and collections; increased online traffic; and active customers.

INTERNATIONAL POTENTIAL
QUIZ continues to see positive reactions to the brand across international markets. QUIZ's mix of casual and occasion wear can be tailored for each market and the Group's flexible approach to its route to market remains beneficial.

OUR BRAND

QUIZ's buying and design teams constantly develop their own product lines, ensuring the latest glamorous looks at value prices. This flexible supply chain, together with the winning formula of style, quality, value and speed to market has enabled QUIZ to grow rapidly into an international brand with standalone stores, concessions, franchise stores, wholesale partners and international online partners in 22 countries.

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- We were founded in 1993 and now employ more than 1,700 people
- We have a very broad customer demographic; our customers are 16 to 35-year-old fashion-forward females
- We are a destination brand for fashion-conscious women looking to dress for some of the most memorable occasions of their lives
- Our fast-fashion supply chain means we can respond quickly to changing styles and trends
- We market the QUIZ brand creatively and continue to increase our social media following as a result
- We have seen the brand establish itself in different markets with the core QUIZ offering being complemented by country-specific products where appropriate

OUR EXISTING GLOBAL PRESENCE

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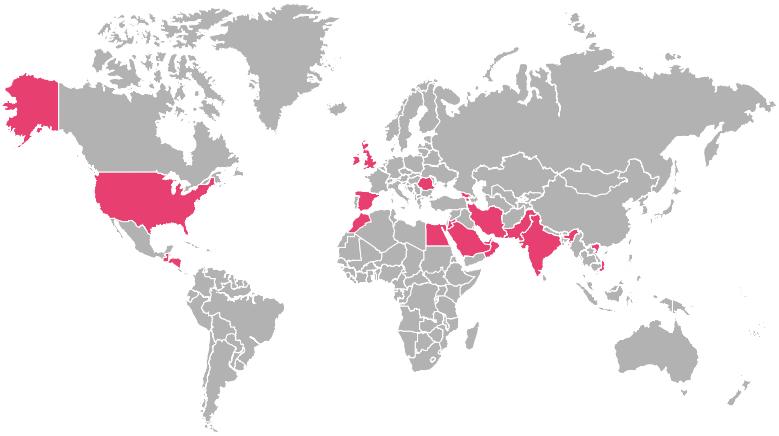
Our flexible business model allows us to adopt the most appropriate approach in each market.



As at 31 March 2020:

UK

- 74 standalone stores
- 156 concessions
- Own website
- 5 online partners

EUROPE

- 7 standalone stores in Ireland
- 23 concessions in Ireland
- 3 standalone stores in Spain

AMEA

- 125 points of sale through franchise stores and wholesale partners
- Operate in 19 countries

USA

- Wholesale to department stores

FUTURE DEVELOPMENTS

Our longer term objective remains to secure profitable growth as we expand the QUIZ brand.

- Expansion of current website through new ranges and increased options
- Expansion in North American market
- Multi-channel expansion in new markets

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OUR CUSTOMERS

QUIZ is increasingly recognised by a broad customer demographic as an international fashion brand that empowers fashion-forward women and men looking for the latest styles, footwear and accessories to help them look their very best and stand out from the crowd.

Understanding our customers, their lifestyles and their product needs remains a core element of our business. Our clear customer strategy – coupled with our customer-first approach to everything we do – continues to help significantly increase awareness of the brand.

The QUIZ brand continues to have strong customer appeal. This is evident in our increasing number of active customers as well as social media engagement. We are highly responsive to what customers want, and our flexible omni-channel business model enables us to quickly respond to new trends. Our customers know that with QUIZ they can shop a wide selection of exclusive and quality styles at value-for-money prices.

Research has shown us that our brand appeals across a broad age range. This customer insight continues to drive our marketing investment, social media content and product design and buying, including more targeted collections such as our recent, successful partnership with "Mummy Diaries" star Samantha Faiers.



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CHAIRMAN'S STATEMENT



PETER COWGILL
Non-executive Chairman

INTRODUCTION

During the year ended 31 March 2020, the UK retail sector continued to be impacted by ongoing macro-economic uncertainty as well as experiencing an accelerating structural shift to online retailing. These challenges for QUIZ were magnified by the significant disruption and uncertainty caused by the global COVID-19 pandemic which has had a material impact on the Group since the beginning of March and therefore impacted the final month of FY 2020.

COVID-19

COVID-19 has had a significant impact on communities and businesses across the UK since March 2020. The Group's priority has remained the safety and welfare of its people and customers during this very challenging period.

In the United Kingdom, our stores and concessions were closed for a sustained period from 22 March until their gradual reopening in June. The Group had started to see reduced footfall and demand for its products from the beginning of March as uncertainty regarding COVID-19 began to impact consumer behaviour in the UK.

Whilst our omni-channel approach has enabled us to maintain contact with our customers during this unprecedented period, there continues to be a material detrimental impact on demand for QUIZ's trademark occasion and dressy wear as social events and activities have been curtailed. The Group's International business has also experienced similar levels of disruption across all QUIZ's markets.

During the summer months, demand for our products gradually improved as restrictions on events and social gatherings were lifted, underpinning our confidence that there is good underlying customer demand for the brand's trademark occasion wear. However, with the additional Government restrictions announced in recent weeks, we have seen a sharp drop-off in footfall across our retail stores and a reduction in overall demand despite our strategic decision to rebalance the QUIZ product offering towards more casual clothing in the short term.

We have executed plans to reduce capital spend and operating costs and to maintain our liquidity. In addition, we have rebalanced our product offering to increase our casual ranges and reduce our exposure to occasion wear stock. These steps have helped to mitigate the impact of COVID-19 but do not fully compensate for the decline in demand that has been experienced since March.

SUPPLY CHAIN

The Board is acutely aware of the responsibilities the Group has to source its clothes in a responsible and ethical way as well as the challenges posed by having a global supply chain. We recognise that our customers expect the latest looks from us, but we know that this comes with a duty to ensure our products are sourced and manufactured ethically and responsibly. The responsibility for meeting these expectations is led by the Board and is integral to our core values which run throughout the QUIZ business.

In July 2020, the Board was made aware of an alleged instance of non-compliance with National Living Wage requirements in a factory making QUIZ products in Leicester in January 2020. The Board and management team were extremely concerned by these allegations and immediately reviewed and investigated them. Whilst this review confirmed that the company named in the report had ceased trading the previous year the factory in question had been used by one of QUIZ's suppliers as a sub-contractor contrary to the Group's previous instruction. The business which operated the factory at the date of the allegations ceased trading in March 2020 and as a result the Group was unable to access relevant records from the sub-contractor meaning that we were unable to substantiate the allegations. From our review of our other United Kingdom suppliers we have not identified any evidence of non-compliance with National Living Wage requirements.

As a direct result of the review, the Board has taken a number of actions to strengthen its systems and processes to give QUIZ increased visibility of its supply chain and ensure that all products are consistently supplied in line with our Ethical Code of Practice. These include:

- We have appointed a new Ethical Compliance Manager who is based in the Midlands, enabling increased communication, checks and visits with our suppliers in the Leicester region.
- We have worked closely with the compliance team at one of our major UK retail partners to conduct supplier visits and compare best practice processes.

- We have engaged with and commissioned specialist third parties to provide independent audits of each of the factories within our supply chain on an ongoing basis.
- We have introduced a new process to prevent unauthorised sub-contracting by providing clearer visibility of the factory address where every QUIZ product is being made.
- We have increased the number of audits and random factory site visits across our supply chain to increase ongoing visibility of compliance with the Group's strict values and requirements.

The Board will continue to prioritise ensuring that the Group has an ethical and responsible supply chain that all of QUIZ's stakeholders can be proud of. We are committed to continually investing in this critical area of the business to ensure that the Group's systems remain robust and that the Group's strict Ethical Code of Practice is always adhered to without exception.

FINANCIAL RESULTS OVERVIEW

Group revenue of £118.0 million was 10% lower than the previous year's £130.9 million. Given the decline in revenues, an underlying loss before tax of £3.7 million was recorded (FY 2019: profit before tax of £0.6 million). Underlying EBITDA of £0.6 million was generated (FY 2019: £4.6 million). Further to the impact of non-recurring costs of £26.3 million, and the introduction of IFRS 16 leases, the reported loss before tax was £29.4 million (2019: profit before tax of £0.2 million). The non-recurring costs incurred are summarised below:

	Restructure of store portfolio £000	Other non-recurring costs £000	Total non-recurring costs £000
Impairment of right-of-use assets	9.3	1.9	11.2
Impairment of property, plant and equipment	2.3	5.1	7.4
Write-down of inventory	2.1	–	2.1
Impairment of goodwill	–	5.2	5.2
Write-off of debt	–	0.4	0.4
	13.7	**12.6**	**26.3**

Restructure of store portfolio

In the year ended 31 March 2020, the performance of QUIZ's store estate was impacted by the continued shift in consumer preference towards online shopping and therefore lower customer footfall.

Whilst management undertook a number of actions during the year to address the performance of QUIZ's stores, including renegotiating rents upon the expiry of leases, QUIZ's stores estate was loss making in the last year.

On 10 June 2020, post the period end, the Group undertook a restructure of its standalone retail store portfolio. This was in response to the increased trading pressures being experienced as a result of the COVID-19 pandemic, including:

- the enforced closure of all UK and Irish stores since 22 March 2020 in accordance with UK Government guidance;
- the accelerating shift in consumer behaviour towards online shopping resulting in lower high street footfall;
- the difficulty in renegotiating reductions to the high levels of rents and rates with its consequent effect on the economics of store retail; and
- a sustained period of macroeconomic uncertainty in the UK impacting consumer spending.

Given these factors, the Board concluded that a restructuring was required to ensure that the Group had an economically viable store portfolio going forward. As a result, Kast Retail Limited ("Kast"), which operated the Group's standalone stores in the United Kingdom and Ireland, was placed into Administration. Further to this, the business and certain assets of Kast were acquired by the Group for a cash consideration of £1.3 million.

Prior to this restructuring, the Group operated 75 stores in the United Kingdom, seven stores in the Republic of Ireland and three stores in Spain. It has now reopened 64 of these stores and negotiations continue for five other stores. The three stores in Spain will not reopen.

Other non-recurring costs

In preparing the unaudited financial statements for the period ended 30 September 2019, retail store assets were subject to an impairment based on whether current or future events and circumstances suggested that their recoverable amount may be less than their carrying value. Further to this, the Group recorded a £7.0 million charge, comprising £1.9 million relating to the impairment of right-of-use assets and £5.1 million for the impairment of store assets.

The £5.2 million impairment of goodwill relates to the goodwill previously recorded in relation to the Group's UK concession business. This write-off reflects recent declines in revenues from the Group's UK concessions channel.

The £0.4 million write-off of debt was recorded further to an international customer entering into a bankruptcy process.

CHAIRMAN'S STATEMENT CONTINUED

DIVIDENDS

Given the losses incurred in the current year, the Board does not recommend the payment of a final dividend.

CASH POSITION

Despite the losses incurred during the period, the Group retained a cash balance of £6.9 million (31 March 2019: net cash of £7.5 million) at the period end. As at 26 October 2020, being the date the Group announced its preliminary results, the Group had a cash balance of £4.8 million. In addition to this cash balance the Group has £3.5 million of bank and credit facilities available to it from HSBC which expire in October 2021. There are no financial covenants applicable to these facilities.

OUTLOOK AND H1 TRADING

Consistent with other businesses, the COVID-19 pandemic has significantly impacted QUIZ's sales during the current financial year. As a result, the Group's total sales in the six months to 30 September ("H1") amounted to £17.2 million, a 73% decline on the £63.3 million revenues generated in the six months to 30 September 2019.

Revenues were particularly impacted during the three months to 30 June 2020 ("Q1") with the closure of stores and concessions. Sales in the three months to 30 September 2020 ("Q2") reflect the reopening of concessions from mid-June and stores progressively reopening from mid-July. Revenues from each channel in these periods were as follows:

	Q1 2020 £m	Q1 2019 £m	Year-on-year change	Q2 2020 £m	Q2 2019 £m	Year-on-year change	H1 2020 £m	H1 2019 £m	Year-on-year change
Online	3.4	10.6	-68%	6.4	9.4	-32%	9.8	20.0	-49%
International	0.5	6.8	-93%	2.2	5.2	-58%	2.7	12.0	-78%
UK Stores and concessions	0.2	15.9	-99%	4.5	15.4	-70%	4.7	31.3	-85%
Total	**4.1**	**33.3**	**-88%**	**13.1**	**30.0**	**-56%**	**17.2**	**63.3**	**-73%**

Despite the challenging trading conditions, the Group has taken multiple actions to preserve liquidity and at 26 October 2020, being the date the Group announced its preliminary results, had £4.8 million of cash and £3.5 million of undrawn banking facilities. In addition, as a result of the store restructuring undertaken by the Group following the period end, the Board believes that QUIZ has a more flexible and economically viable store portfolio moving forward with an average lease term of 24 months and a lower cost base. With our new store portfolio structure, on the basis of revenues being at similar levels to revenues in the year ended 31 March 2020, the rent payable would be approximately halved on a like-for-like basis.

In recent weeks the tightening of Government restrictions on social activities has again impacted demand for QUIZ clothes and there remains limited visibility as to when these restrictions will be relaxed. We continue to extend our casual product ranges to meet changing consumer behaviour but increased sales in this area do not compensate for the decline in occasion wear revenues.

We continue to believe that the QUIZ brand has strong customer appeal and that the Group's omni-channel business model remains relevant and key to our long-term success. Our ranges have traditionally been based upon providing options for socialising from going to lunch with friends to attending weddings. Whilst there is uncertainty with regards to when these activities will revert to their previous level, we remain confident that our proposition remains attractive to customers in the long term.

PETER COWGILL NON-EXECUTIVE CHAIRMAN
30 November 2020



The Board believes that QUIZ has a more flexible and economically viable store portfolio moving forward with an average lease term of 24 months and a lower cost base.

SECTION 172 STATEMENT

This statement describes how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006, as modified by the Companies (Miscellaneous Reporting) Regulations 2018, in exercising their duty to promote the success of the Company for the benefit of its members as a whole. Within the fast-moving fashion retailing sector, the operational cycle is short. Despite this, the Board remains mindful that its strategic decisions can have long-term implications for the business and its stakeholders, and these implications are carefully assessed.

The Directors consider that the following groups are the Company's key stakeholders. The Board seeks to understand the respective interests of such stakeholder groups so that these may be properly considered in the Board's decisions. This is done through various methods, including: direct engagement by Board members; receiving reports and updates from members of management who engage with such groups; and coverage in our Board papers of relevant stakeholder interests with regard to proposed courses of action.

A. EMPLOYEE ENGAGEMENT

Our employees rely on us to provide stable employment and opportunities to realise their potential in a working environment where they can be at their best. The quality, commitment and effectiveness of the Group's employees are crucial to its continued success and their engagement is encouraged through:

- comprehensive induction processes for new employees;
- policies and programmes designed to encourage employees to become interested in the Group's activities and to reward employees according to their contribution and capability and the Group's financial performance;
- communications to disseminate relevant information including information on matters of concern as well as economic factors affecting the Group performance; and
- encouraging employee feedback through their line manager or, where there are concerns with regards to confidentiality, through our HR team.

See also: Social Responsibility section of this Annual Report.

B. CUSTOMERS

We look to develop brand loyalty by providing customers with product that allows them to stand out from the crowd. The Group maintains an ongoing dialogue with its customers, who are the reason we exist, to ensure that our offer remains attractive through:

- news announcements on the Group's website and through the regulated market announcements;
- engagement with customers through communication activities performed through the brand's social media sites and via email where customers have opted in to receive such communication; and
- undertaking reviews and surveys to better understand our customers.

See also: Social Responsibility section of this Annual Report.

C. SUPPLIERS AND PARTNERS

Our suppliers and partners rely on us to generate revenue and employment for them. The Group maintains an ongoing dialogue with its suppliers and partners, who help to make and distribute or product, through:

- comprehensive assessment and onboarding process for all new QUIZ product suppliers;
- annual independent compliance audits for product suppliers using the SMETA process;
- engaging in supplier face-to-face meetings, and email and telephone conversations with Executive Directors and senior management; and
- regular reviews with partners to assess commercial performance, compliance with QUIZ's expectations and potential improvements.

See also: Principal Risks and Uncertainties and Social Responsibility sections of this Annual Report.

D. COMMUNITY AND ENVIRONMENT

We strive to operate a sustainable and responsible Group. The Group has an increased focus on key environmental goals, including regarding energy efficiency and waste reduction, and will update on progress in these areas in future reports.

See also: Social Responsibility section of this Annual Report.

E. SHAREHOLDERS

We rely on our shareholders as providers of capital to further our business objectives. The Group has an active programme of investor relations, which is described in detail in the Corporate Governance section of this Annual Report and Accounts.

See also: Governance Framework section of this Annual Report.

F. GOVERNMENTS AND TAX AUTHORITIES

We seek to enjoy a constructive and cooperative relationship with the bodies that authorise and regulate our business activities. This helps us maintain a reputation for high standards of business conduct. The Group has processes in place to monitor new regulations and compliance requirements that may impact the business – including, for example, product regulations, financial accounting and reporting updates and tax accounting and reporting compliance.

See also: Principal Risks and Uncertainties section of this Annual Report.

The key Board decisions and their impact on stakeholders in the year included:

Reaction to COVID-19

The Board reviewed the response to the impact of COVID-19 on key stakeholders:

- Employees – the welfare and health and safety of employees was prioritised with the closure of stores, head office and the distribution centre in advance of the UK Government lockdown as well as providing support to establish a flexible working environment.
- Customers – increased communication through direct correspondence and social media along with provision of more casual clothes to compensate for the reduced demand for occasion wear and establishing safe social distanced store environments.
- Partners – work with partners to reschedule stock allocations and reduce stock levels as well as to amend the product offering going forward and maximise their opportunities for future success.
- Shareholders – the steps to reduce costs and preserve cash going forward allowed the business to remain financially viable until demand recovers.

Restructuring of the store estate

The Board took steps to reduce lease costs during the year and undertook a restructuring post year end which benefited a number of stakeholders through ensuring the viability of this business going forward:

- employees – persevering the maximum number of roles going forward;
- customers – maintaining the omni-channel model to allow customers to access QUIZ where most convenient for them and to preserve the popular click and collect option for online customers; and
- suppliers – maximising potential future revenues and opportunities for suppliers to maintain their business with QUIZ.

This statement was reviewed and approved by the Board on 30 November 2020.

CHIEF EXECUTIVE'S STRATEGIC REPORT



TARAK RAMZAN
Chief Executive

INTRODUCTION

Group revenue decreased 10% to £118.0 million (2019: £130.9 million). The revenue generated from each channel was as shown in the table below.

As a result of this decline in revenues and the corresponding impact on profitability, as well as the disruption caused by COVID-19 and accelerating changes to consumer behaviour in the UK since March, the Board and senior management team have carefully reviewed our business, strategy and prospects to ensure that QUIZ is able to navigate the volatile and dynamic trading environment and restore profitable growth. We have examined and analysed in detail QUIZ's strengths and unique attributes, the challenges we face, and the areas where we need to adapt and improve to ensure the brand continues to succeed and grow profitably.

ADDRESSING OUR PRESSING CHALLENGES

Previously the Group identified four pressing challenges to be managed and overcome. These remain relevant to the business as it deals with the recent reduction in revenues and COVID-19 related disruption:

A decline in footfall and spend in our UK Stores and concessions estate

Prior to the restructuring of stores, the Group operated 75 stores in the United Kingdom. 60 of these stores are now open and negotiations continue with regards to three other stores. The new lease arrangements have largely been secured on a flexible basis that allows for rents to be commensurate with revenues generated.

These new arrangements provide increased flexibility with an average lease term of 24 months and a lower cost base going forward. On the basis of revenues being at similar levels to revenues generated in the year ended 31 March 2020, the rent payable would be approximately halved on a like-for-like basis.

The Board has also taken steps to reduce its exposure to UK department stores going forward. In the year ended 31 March 2020, the Group reduced the number of concessions operated from 168 to 156 with a further reduction to 143 since 31 March 2020.

We will continue to manage our concession estate, closing those that are generating little return or operating at a loss. Concessions can be exited inexpensively after serving the appropriate notice period.

The Group believes that stores and concessions with appropriate cost bases can make a positive contribution going forward. We continue to undertake initiatives to promote footfall into stores including trialling the introduction of new product categories in store and utilising our store network for online collections and returns and improving stock availability across the estate.

	Year to 31 March 2020	Year to 31 March 2019	Year-on-year change	Share of revenue 2020	Share of revenue 2019
Online	£37.5m	£41.0m	-9%	31.8%	31.3%
International	£21.8m	£23.0m	-5%	18.5%	17.6%
UK Stores and concessions	£58.7m	£66.9m	-12%	49.7%	51.1%
Total	**£118.0m**	**£130.9m**	**-10%**		

QUIZ continues to believe in the benefits of operating an omni-channel model that provides customers with the opportunity to engage with the brand across different channels.





Optimising the omni-channel model

QUIZ continues to believe in the benefits of operating an omni-channel model that provides customers with the opportunity to engage with the brand across different channels. Growing sales online remains a key priority for the Group.

Online revenues declined in the year to 31 March 2020, partially as a result of terminating arrangements to sell via certain third-party websites during the previous year.

Sales volumes through the QUIZ website were consistent with the previous year but more profitable than the prior year. This is attributable to lower delivery and handling costs following a number of cost-saving initiatives and more return on investment-focused marketing activity.

We continued to see positive trends in KPIs across QUIZ's website, with increases in the number of repeat customers and order frequency. Active online customers increased by 11% to 638,000 (31 March 2019: 576,000). In addition, there have been improvements in other key metrics such as shopping frequencies and basket size in the period.

We continue to see a positive response to the introduction of the QVIP delivery pass which has supported improved order frequency and the introduction of a buy now, pay later option through partner Klarna which has increased the average transaction value.

Sales through third-party websites remain an important part of our Online business and help broaden awareness and appeal of the QUIZ brand. We continue to work with these third parties to optimise the range and amount of stock available to them to improve the financial returns from these arrangements.

Addressing the decline in gross margin

During the year the Group took a number of steps to improve the gross margins generated. Actions taken included improved sourcing, targeted price increases and managing stock allocations and purchases to reduce the amount of stock subjected to markdowns.

Whilst progress was made during the year, the decline in revenues from March 2020 led to an increased level of discounting post year end. Given this, the Group made increased provisions in relation to slow moving stock at 31 March 2020 which reduced the reported gross margin by circa 1ppt. As a result, the reported gross margin of 60.3% was marginally lower than the 60.7% recorded in the previous year.

Rightsizing our cost base

The Board previously announced gross cost savings targets of between £2 and £3 million over the medium term and we are pleased to announce that these savings have been implemented in line with our plans.

Given the decline in revenues since March 2020, the Board continues to take steps to reduce costs where possible, which has unfortunately included a number of redundancies post year end.

LEVERAGING OUR KEY STRENGTHS

Whilst COVID-19 will continue to disrupt the UK retail landscape and impact consumer spending in the near term, the Board continues to believe that in the longer term the Group's unique attributes will allow for QUIZ to effectively compete and succeed in the dynamic retail environment.

A strong brand

QUIZ is a distinctive fashion brand which, over many years, has developed a specialisation in occasion wear and dressy casual wear for women. QUIZ's core business continues to deliver a distinct proposition that empowers fashion-forward females to stand out from the crowd.

We firmly believe that the QUIZ brand has a clear, differentiated position in the market and continues to resonate with a broad age range of customers. This belief was supported by the increased demand for our products during the summer months as restrictions on social events were temporarily eased.

During the year we have undertaken reviews and surveys to better understand our customer. This information, which includes insight into how our customers view the QUIZ brand, will inform our product offering going forward.

The number of online active customers has continued to increase in the year and now stands at 638,000, an uplift of 11%, reflecting the appeal and growing awareness of the brand.

The brand's social media engagement continues to increase significantly from the prior year, with 22% and 9% increases in our Instagram and Facebook audiences respectively.

The strengths of our brand continue to enable QUIZ to expand into new product categories. In recent months we have increased the amount of casual wear available to customers and will shortly extend our ranges to include leisure wear.

Our flexible supply chain remains a key competitive advantage

The business has a well invested infrastructure and a proven successful supply chain. In an environment where customers seek to quickly replicate the latest looks seen on social media, the catwalk or television, our supply chain and ability to constantly refresh products for sale in store and online is a strong competitive advantage. QUIZ continues to introduce new products each week in order to meet customer demand as trends emerge throughout the season. The Board believes this will be an increasingly important component for success as customers have ever greater choice of where, when and how to shop.

QUIZ's online channel offers significant potential

With structural and market-wide consumer trends towards increased online shopping accelerating as a result of the COVID-19 pandemic, we continue to believe that QUIZ's online channel offers significant long-term growth potential for the Group.

In FY 2020, online sales represented 32% of QUIZ's Group revenue (2019: 31%). The focus over the past year was to enhance the profitability of online sales. This resulted in a reduction in cost of sales as well as more focused marketing activity. Furthermore, sales through QUIZ's own online channels were consistent with the previous year whilst online sales through third-party sites declined in the year after the Group took steps to terminate arrangements with two previous partners.

Selective international growth potential through capital-light model

We continue to receive positive customer reactions to the QUIZ brand internationally. Our mix of casual and occasion wear can be tailored for each market and our flexible route to market has been beneficial.

Whilst each of these markets has its own challenges, international sales represented 19% of QUIZ's Group revenue (2019: 18%). We continue to identify opportunities to extend our sales through low-risk, low-cost international expansion driven by our capital-light online, consignment and concession routes to market.

STRATEGY TO DELIVERY LONG-TERM PROFITABLE GROWTH

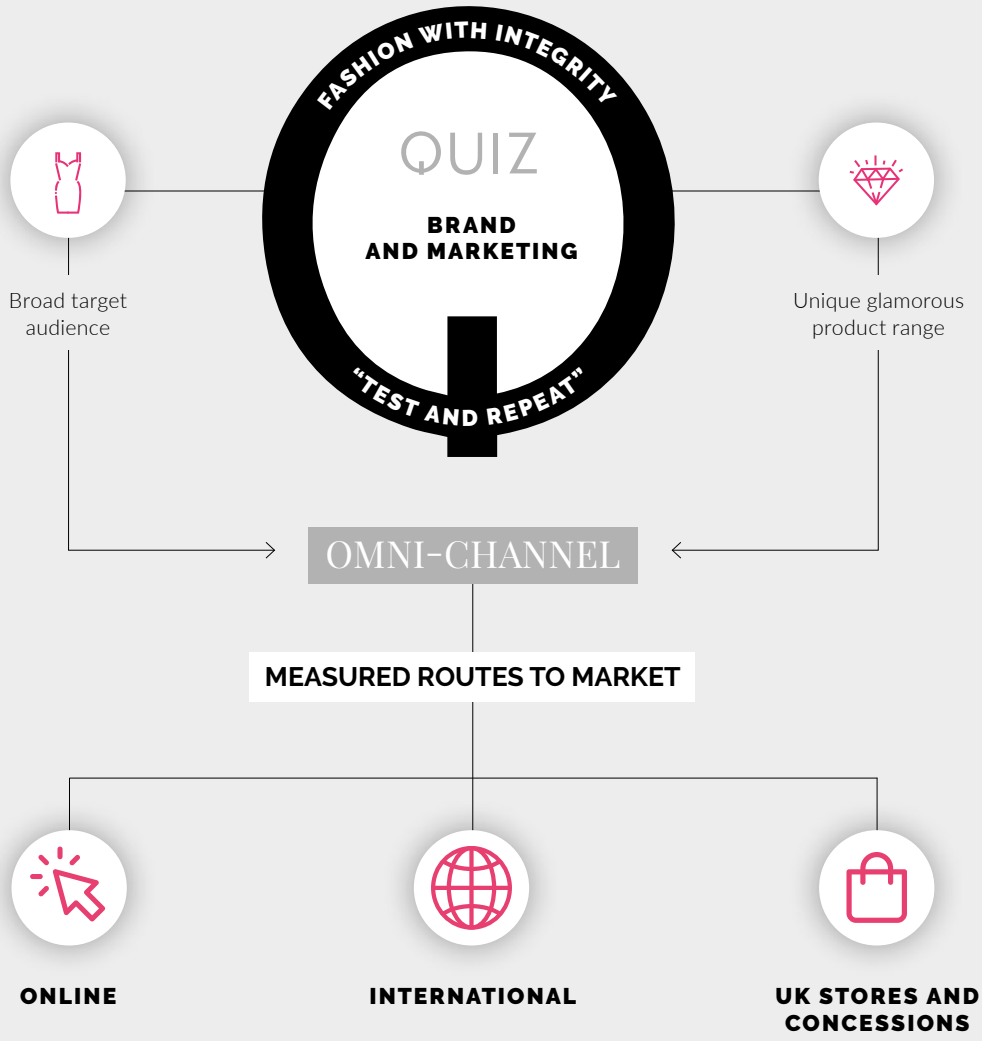
Business model

QUIZ distributes its brand through three main channels: retail (Stores and concessions); Online; and International (which includes wholesale and franchise agreements). We operate stores and concessions across the UK, Europe, North America and Asia, and localised ecommerce sites in the UK, Spain and the USA. We also have an ecommerce business with some of our concession partners. Each channel provides a flexible approach with limited costs to expand or contract as appropriate.

QUIZ's buying, design and merchandising teams work closely together and routinely monitor emerging trends each season. Together, they constantly develop QUIZ's own product lines ensuring that the Company delivers the latest glamorous looks at value for money prices. As a result of this reactive model and the Company's flexible and fast supply chain, QUIZ is able to adapt quickly to new trends and is able to have its products in its stores, concessions and online within four weeks from the point of order. Focusing on very short lead times, QUIZ's "test and repeat" supply chain is able to introduce new products within weeks of identifying trends, and to promptly reorder successful lines to meet customer demands.

The Group's omni-channel growth strategy remains focused on delivering progress across each of the following three pillars.

OUR BUSINESS MODEL



THE RIGHT APPROACH

OUR INTEGRITY
We pride ourselves on being a responsible company whether in our supplier relationships or in our engagement with employees and the wider community.

OUR SYSTEMS AND INFRASTRUCTURE
We can efficiently service our customers and have a solid platform for substantial future growth.

OUR PEOPLE
With our experienced employees and the continual inflow of fresh talent we can adapt to changing trends and demands across all our routes to market.

OUR VALUES
Our focus on giving customers what they want when they want it at great value is complemented by all stakeholders in the process being treated equitably.

ONLINE EXPANSION

Ensuring that our online channel is profitable and grows remain priorities for the Group. Areas of focus include reducing the cost to serve customers and undertaking more ROI driven marketing. In addition, the Group continues to extend the product offering online to drive sales growth, with the introduction of our club orientated Q range during the year as well as the expansion of our casual options post year end. In addition, we have continued to undertake celebrity collaborations to drive sales and brand awareness throughout the period.

Sales through selected third-party websites remain an important pillar important for generating revenues and expanding the awareness of the QUIZ brand. We continue to work with a small number of selected third-party partners and we continue to look to optimise the range and amount of stock available to them to maximise sales whilst minimising any levels of excess stock.

During the year, we launched our new exclusive delivery pass, QVIP, which offers customers unlimited free delivery and the option to collect in store for a small annual fee. This is an important step in our journey to help better serve our customers and increase customer engagement.

We have also provided customers with the opportunity to use Klarna, a "buy now, pay later" payment platform technology, to make it easier for our customers to pay for goods.

INTERNATIONAL EXPANSION

We continue to review opportunities for further international growth by expanding in existing markets as well as extending into new territories. QUIZ's international footprint currently extends across 80 locations in 21 countries on four continents. The Board believes that international expansion continues to offer a significant opportunity for the QUIZ brand with our omni-channel model allowing a flexible approach to market entry dependent on the dynamics of that market.

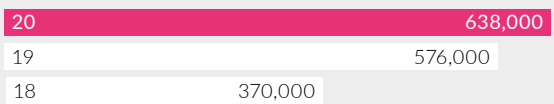
In FY 2020 there was a 5% decrease in International revenue to £21.8 million (FY 2019: £23.0 million), now representing 19% of Group revenue (FY 2019: 18%).

During the year we ceased trading with our Cypriot partner resulting in eight outlets closing. Subsequent to the year end our partner in the United States, which sold our product through 45 of its outlets, filed for administration. We will review opportunities to obtain another partner for this market in due course.

Our stores and concessions in Ireland and Spain experienced a sales decline consistent with the United Kingdom with revenues decreasing by £0.7 million. Further to our store restructuring four of our seven Irish stores have reopened and we have closed our three Spanish stores. In addition, Debenhams announced that it was to close all of its eleven concessions in the Republic of Ireland. Further to this we continue to operate twelve concessions in the Republic of Ireland.

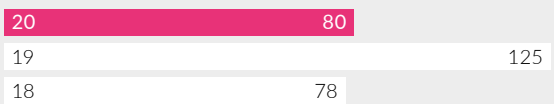
ACTIVE CUSTOMERS

638,000 +10.8%



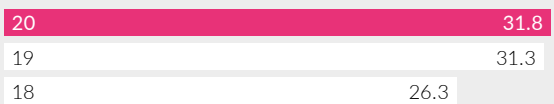
INTERNATIONAL OUTLETS SERVICED

80 -45



ONLINE SALES AS A % OF TURNOVER

31.8% +0.4%



UK STORES AND CONCESSIONS

Whilst acknowledging the challenging and dynamic retail environment in the UK, we continue to believe UK stores and concessions can make a profitable contribution for QUIZ going forward. Sales from UK stores and concessions reduced 12% during the year, demonstrating the challenges faced.

We have taken steps through our store restructuring to secure a flexible store estate with rentals paid commensurate with the revenues generated at each store.

With an appropriate cost base we consider that our store estate will continue to demonstrate the strength of our product range to help increase the awareness and appeal of the QUIZ brand.

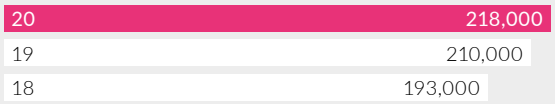
During the year the Group opened four new standalone stores and four new concessions. As part of the Group's active management of its retail portfolio, we closed one standalone store and 16 concessions. Average total retail square footage increased by 4% to 218,000 sq. ft. during the year (FY 2019: 210,000 sq. ft.).

Further to the restructuring of stores the Group now operates 60 stores in the United Kingdom. Subject to demand, the Group will review opportunities going forward for new stores where suitable rental arrangements and flexible lease terms can be agreed.

At the end of the financial year, QUIZ operated 156 concessions in the UK. Since the year end 13 of these concessions have closed reflecting the trading challenges faced by some of our trading partners. We anticipate that we will continue to reduce the number of concessions operated where insufficient returns are generated.

UK RETAIL SPACE – SQUARE FOOTAGE

218,000 sq. ft. +3.8%



TARGETED MARKETING INVESTMENT

Underpinning the growth and expansion of the QUIZ brand is the Group's approach to targeted and returns driven marketing investment. Investment was focused on digital and social marketing to increase shopping frequencies and basket sizes as well as to generate new customers for all sales channels. Marketing investment as a proportion of Group sales for FY 2020 was 2.3% (2019: 3.6%).

During the period, QUIZ launched multiple targeted marketing campaigns including our first collection with reality TV star Samantha Faiers. The collaboration proved to be successful and led to a second campaign (also featuring Samantha Faiers) to launch our Christmas collection.

Our new "Q" range was also launched in the run-up to Christmas, both online and in a selected number of stores. The launch collection was promoted via micro/mid influencers, stores and digital marketing channels resulting in a very positive reaction, with the majority of the range selling out fast. A follow-up Q range was introduced in February supported by similar marketing strategies and also delivered positive results.

These campaigns blend offline and online advertising targeted towards our key customer demographics. Our continued focus on measurable ROI marketing techniques helps to ensure that all campaigns provide an appropriate return and refreshed offer.

OUR TEAM

I have always been aware of the talent and professionalism of our colleagues across our stores and concessions, distribution centre and head office. This commitment has been further demonstrated by the response to and flexibility shown during the recent and ongoing period of COVID-19 related disruption. I am very thankful for all my colleagues' outstanding dedication, skill and passion through these challenging times.

TARAK RAMZAN CHIEF EXECUTIVE
30 November 2020

FINANCIAL AND BUSINESS REVIEW



GERARD SWEENEY
Chief Financial Officer

BASIS OF PREPARATION

To provide comparability across reporting years, the results within this Financial Review are presented on an "underlying" basis, In the current year adjustments are made for total exceptional charges of £26.3 million in the year in respect of the impairment of right-of-use assets, store assets and goodwill, a bad debt expense and the impact of the implementation of IFRS 16 Leases. In the previous year the adjustment relates to a £0.4 million bad debt expense arising from the House of Fraser administration. A reconciliation between underlying and reported results is provided at the end of this Financial Review.

GROUP OVERVIEW

Group revenue of £118.0 million was 10% lower than the previous year's £130.9 million.

Further to a decline in the gross margin generated and increased operating costs, underlying operating losses incurred were £3.7 million (2019: profit of £0.6 million). Including the non-recurring costs, operating losses were £28.7 million (2019: profit of £0.2 million).

FINANCIAL KPIs

Underlying EBITDA generated declined to £0.6 million (2019: £4.6 million) which represented an EBITDA margin of 0.5% (2019: 3.5%). Including the non-recurring costs and reflecting the implementation of IFRS 16, EBITDA was £5.5 million (2019: £4.2 million).

Underlying Group loss before tax was £3.7 million (2019: profit of £0.6 million). Losses before tax reflecting non-recurring costs and the implementation of IFRS 16 were £29.4 million (2019: £0.2 million).

Further to this, the underlying loss per share was 2.63 pence (2019: earnings of 0.33 pence). Loss per share reflecting non-underlying costs and the implementation of IFRS 16 was 23.37 pence (2019: earnings of 0.09 pence).

Cash at the year end amounted to £6.9 million (2019: net cash of £7.5 million). The most significant cash flows in the year related to the £10.2 million of operating cash flow generated in the year, £6.7 million of lease payments and £4.1 million of capital expenditure during the year.



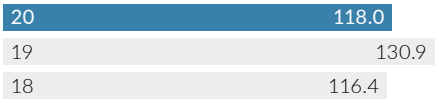
ONLINE REVENUE
£37.5m -9%

INTERNATIONAL REVENUE
£21.8m -5%

UK STORES AND CONCESSIONS REVENUE
£58.7m -12%

REVENUE

£118.0m -9.8%

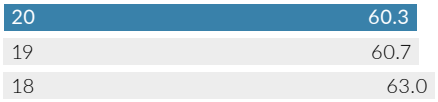


Definition
Online, UK Stores and concessions and International revenue.

Performance
The decline in revenue reflects the impact of COVID-19 on March sales, the termination of loss-making third-party arrangements and the reduced footfall in stores and concessions.

GROSS MARGIN

60.3% -0.4%

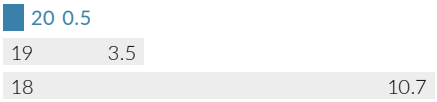


Definition
Maintaining overall product profitability whilst executing the Group's growth strategy.

Performance
Gross margin % generated from sales trended above the prior year. Given the decline in demand resulting from the impact of COVID-19 there was requirement for increased stock provisions at the year end. Further to this there was a decline in the gross margin % year on year.

UNDERLYING EBITDA %[1]

0.5% -3.0%

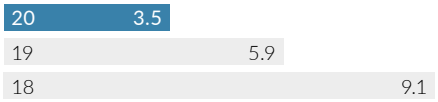


Definition
How we are controlling profitability and operating costs across the business.

Performance
Operating costs were impacted by increased stock provisions and asset write-offs further to the closure of stores and concessions reducing the EBITDA generated.

CASH FROM OPERATING ACTIVITIES[2]

£3.5m -£2.4m



Definition
The conversion of profits into cash available to the business.

Performance
The impact of a £4.0 million decline in underlying EBITDA on cash from operating activities was mitigated by improved working capital position.

1. In the current year the impact of the impairment of right-of-use assets, property, plant and equipment and goodwill, write-down to inventories, a bad debt expense and the impact of implementing IFRS 16 Leases is excluded. In the previous year the £0.4 million bad debt provision arising from the House of Fraser administration is excluded. A reconciliation to the reported IFRS results is included in the Financial and Business Review. The Underlying EBITDA % is calculated by expressing the Underlying EBITDA as a percentage of revenues.
2. Cash from operating activities is restated to include the payment of lease liabilities to be consistent with the previous year.

FINANCIAL AND BUSINESS REVIEW CONTINUED

REVENUE

Group revenue decreased by 10% to £118.0 million from £130.9 million in 2019, with our three revenue channels shown below:

	Year to 31 March 2020	Year to 31 March 2019	Year-on-year growth	**Share of revenue 2020**	Share of revenue 2019
Online	**£37.5m**	£41.0m	-9%	**31.8%**	31.4%
International	**£21.8m**	£23.0m	-5%	**18.5%**	17.5%
UK Stores and concessions	**£58.7m**	£66.9m	-12%	**49.7%**	51.1%
Total	**£118.0m**	£130.9m	-10%		

Online

The 9% reduction in Online revenues to £37.5 million was primarily driven by lower revenues from third-party websites, which recorded a decline in revenues of 16% in the year. This decline primarily reflects the impact of our decision to exit two third-party websites in the previous year.

Sales through QUIZ's website, which was impacted by lower demand in March, declined 0.6% in the year. Further to the continued marketing activity the number of active customers at 31 March 2020 increased to 638,000 (2019: 576,000).

International

International sales include revenue from QUIZ standalone stores and concessions in the Republic of Ireland, standalone stores in Spain and franchises in 20 countries.

Revenues from international sales decreased 5% to £21.8 million (2019: £23.0 million). Sales in the stores and concessions in the Republic of Ireland and Spain followed similar trends to the United Kingdom and declined £0.7 million in the year. Franchise sales declined £0.5 million further to ceasing to trade with a previous partner during the year.

UK Stores and concessions

Sales in the Group's UK standalone stores and concessions decreased 12% to £58.7 million (2019: £66.9 million).

During the year four new stores were opened and one store closed. In addition, four new concessions were opened and 16 were closed during the year. Further to these changes, total selling space across the stores and concessions increased by 4% from 210,000 sq. ft. to 218,000 sq. ft.

The decline in revenues reflects lower revenues year on year due to declining footfall during the year and the sharp fall off in sales in March 2020 further to the outbreak of COVID-19.

GROSS MARGIN

Gross margin at 60.3% was 0.4% lower than the prior year. Gross margins had been trending above the previous year level during the year. Given the lower level of revenues generated post year end there was requirement to increase provisions in respect of slow moving stock which impacted upon the reported gross margin by approximately 1ppt.

Whilst our objective remains to improve gross margin through efficient sourcing, due to macroeconomic pressures a higher level of discounting is expected during the year ended 31 March 2021.

UNDERLYING OPERATING COSTS

Underlying operating costs decreased by 5% in 2020 from £78.8 million to £74.8 million. These costs represented 63.3% of revenue (2019: 60.2%).

Underlying administrative costs, being the £54.7 million recorded in the year plus the £1.3 million of additional costs that would have applied if IFRS 16 was not implemented, increased by 2% to £56.0 million (2019: £54.8 million).

The largest administrative costs relate to employment costs, including agency costs, which have risen by £0.8 million or 3% to £25.2 million (2019: £24.4 million) and rental costs which increased 14% to £8.0 million (2019: £7.0 million).

These increases were offset by a 41% decline in marketing spend to £2.8 million (2019: £4.6 million). The spend incurred was focused on digital and social media marketing to generate new customers for all sales channels, as well as increasing shopping frequencies and basket sizes.

Distribution costs declined by 22% to £18.8 million (2019: £24.1 million). This decrease reflects (i) targeted reductions in the cost of carriage to stores, concessions and franchises as well as online customers and (ii) lower commission paid to third parties which sell products on behalf of QUIZ as a result of the decline in associated revenues in the year.

Depreciation and amortisation, excluding depreciation of right-of-use assets, increased by 7% from £4.0 million to £4.3 million. The charge reflects a charge of £0.3 million from the write-down of assets in concessions which ceased trading before and after the year end.

NON-RECURRING OPERATING COSTS

As noted above, non-recurring charges arose in the year in respect of the impairment of right-of-use assets, store assets and goodwill and a bad debt expense. Total non-recurring costs in the year amounted to £26.3 million.

Non-recurring operating expenses in the previous year of £0.4 million related to bad debt arising from the administration of House of Fraser.

Further information of these charges is provided in Note 4 of the financial statements.

FINANCE COSTS

The finance cost of £0.8 million (2019: £31,000) primarily relates to interest costs arising on the lease payments for stores. These costs arose further to the introduction of IFRS 16 Leases in the current year and did not arise in the previous year.

TAXATION

The reported tax rate in the current year is a credit of 1.4% (2019: tax charge rate of 48.1%). The reported tax rate reflects that much of the exceptional costs incurred are not tax deductible. In addition, given the uncertainty with the timing and quantum of future profits, no deferred tax assets have been recognised in relation to tax losses incurred.

The Group's effective tax rate in future years is expected to be broadly in line with the statutory rate.

EARNINGS PER SHARE

Further to the decline in underlying performance and the non-recurring charges recorded in the year, basic loss per share for 2020 was 23.37 pence per share (2019: earnings per share of 0.09 pence).

The underlying basic loss per share for 2020, which is calculated using the underlying loss after tax, was 2.63 pence (2019: earnings per share of 0.33 pence).

DIVIDENDS

No dividend was paid during the year (2019: £1.5 million). Given the loss incurred in the current year the Board does not recommend the payment of a final dividend.

CASH FLOW AND CASH POSITION

Net cash at the year end amounted to £6.9 million (2019: net cash of £7.5 million).

Net cash flow from operating activities was £10.2 million (2019: £5.9 million). Reflected in this inflow of cash is a £5.4 million working capital improvement (2019: £2.5 million).

The reduction in working capital arose further to a £4.9 million reduction in receivables and a £4.8 million reduction in inventories which was offset by a £4.3 million reduction in payables in the year.

After restating the implementation of IFRS 16, by deducting the payment of lease liabilities from cash from operating activities, net cash flow from operating activities amounted to £3.5 million, a reduction of £3.3 million. The working capital improvement amounted to £2.9 million.

We have continued to invest in the business with £1.5 million spent on intangible assets and £2.5 million on property, plant and equipment. The increase in intangible assets reflects additions to computer software as we invest in our IT systems and websites. The spend on property, plant and equipment includes £1.1 million on the four new stores opened in the UK and £1.0 million on extending capacity at our distribution facility. Investment in computer equipment of £0.5 million was consistent with the prior year.

The final £40,000 of repayments of term loans previously drawn down to fund capital expenditure were made during the year (2019: £0.3 million).

FOREIGN CURRENCY HEDGING

The Group currently undertakes foreign exchange transactions.

The primary inflow of foreign exchange relates to Euro denominated revenues generated in Ireland and Spain. The primary outflow of foreign exchange relates to the purchase of stock, primarily in Chinese Renminbi.

The Group manages the risk associated with foreign currency fluctuations through the use of forward contracts for the sale or the purchase of the respective currency for a period between six and twelve months in advance. We have currently hedged our expected currency inflows and outflows for the remainder of the financial year to 31 March 2021.

RECONCILIATION OF UNDERLYING AND REPORTED IFRS RESULTS

In establishing the underlying operating profit, costs were adjusted to exclude the exceptional charges in respect of the impairment of right-of-use assets, store assets and goodwill and a bad debt expense as described in Note 4 and the impact of the implementation of IFRS 16 as outlined in Note 1. The adjustment in the previous year related to the bad debt provision arising from House of Fraser entering into administration.

A reconciliation between underlying and reported results is provided below:

	2020							2019		
	Underlying £m	**Impairment of right-of-use assets £m**	**Impairment of store assets £m**	**Impairment of goodwill £m**	**Write-off of debt £m**	**Impact of IFRS 16 £m**	**Reported £m**	Underlying £m	Bad debt £m	Reported £m
Revenue	**118.0**	**—**	**—**	**—**	**—**	**—**	**118.0**	130.9	—	130.9
Gross profit	**71.1**	**—**	**—**	**—**	**—**	**—**	**71.1**	79.4	—	79.4
Other operating costs	**(74.8)**	**(11.2)**	**(9.5)**	**(5.2)**	**(0.4)**	**1.3**	**(99.8)**	(78.8)	(0.4)	(79.2)
Operating (loss)/profit	**(3.7)**	**(11.2)**	**(9.5)**	**(5.2)**	**(0.4)**	**1.3**	**(28.7)**	0.6	(0.4)	0.2
Finance costs (net)	**—**	**—**	**—**	**—**	**—**	**(0.7)**	**(0.7)**	—	—	—
(Loss)/profit before tax	**(3.7)**	**(11.2)**	**(9.5)**	**(5.2)**	**(0.4)**	**0.6**	**(29.4)**	0.6	(0.4)	0.2
Operating (loss)/profit	**(3.7)**	**(11.2)**	**(9.5)**	**(5.2)**	**(0.4)**	**1.3**	**(28.7)**	0.6	(0.4)	0.2
Depreciation and amortisation	**4.3**	**—**	**—**	**—**	**—**	**6.1**	**10.4**	4.0	—	4.0
Impairment charge	**—**	**11.2**	**7.4**	**5.2**	**—**	**—**	**23.8**			
EBITDA	**0.6**	**—**	**(2.1)**	**—**	**(0.4)**	**7.4**	**5.5**	4.6	(0.4)	4.2

The impairment of store assets includes the £7.4 million impairment of property, plant and equipment and a £2.1 million write-down to inventory.

GERARD SWEENEY CHIEF FINANCIAL OFFICER
30 November 2020

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT PROCESS

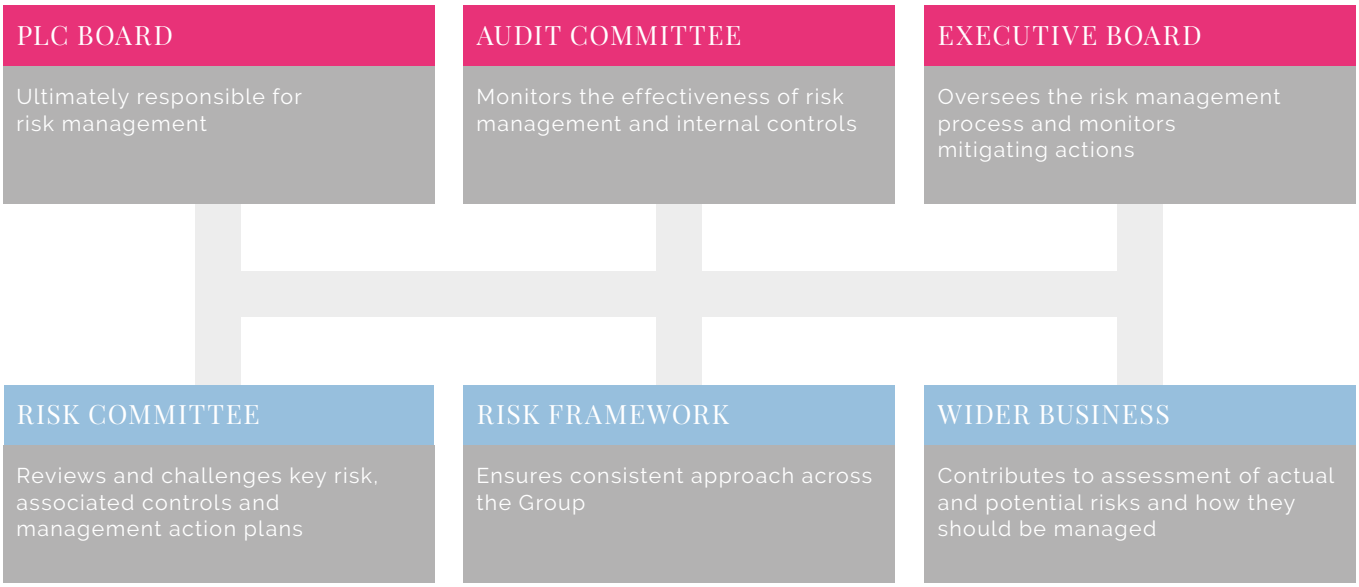
In order to help manage the Group's risks and uncertainties, the Board has delegated responsibility for monitoring the effectiveness of the Group's systems of internal control and risk management to the Audit Committee.

In addition, the Group has established a Risk Committee that includes the Chief Financial Officer and other senior management. The Risk Committee helps the Executive Board review the risk management and control process in each key business area on an ongoing basis and provides a platform for management to drive improvement across the business.

The Risk Committee considers:

- the identification, assessment and management of significant risks faced by the Group;
- the response to the significant risks which have been identified by management and others;
- the maintenance of a controlled environment directed towards the proper management of risk; and
- the annual reporting procedures.

An overview of the Group's risk management process is set out below:



On an annual basis the Board reviews the principal risks and uncertainties facing the Group and assesses the controls in place to mitigate any potential adverse impacts. This assessment is also undertaken whenever there is a perceived major change in the principal risks and uncertainties.

Accepting an appropriate level of risk is an integral part of realising any opportunity and reward, and it is only through effective internal management and controls that risk can truly form part of our decision-making process. Failure to identify and appropriately manage risk could prevent us from achieving our day-to-day objectives. Risk management is therefore critical to our day-to-day activities.

The following are considered to be the principal risks and uncertainties. The Board recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and so the list is not intended to be exhaustive.

The Corporate Governance Report includes an overview of our approach to risk management and internal control systems and processes.

Risk and impact	Mitigation	Links to strategy
GLOBAL/REGIONAL PANDEMIC (I.E. COVID-19) As the current global pandemic, COVID-19, has shown, the implications of such an event are extreme, sudden and challenging to mitigate. The impacts of a global (or regional) pandemic include: • customer demand reduction – restrictions on social events leading to lower demand along with general consumer mobility restrictions exacerbated by enforced store closures; • supply chain disruption – supplier factory closures and freight disruption; • supplier impact – increased risks of failure of key suppliers; • employee – health and wellbeing implications plus restrictions on ability to undertake day-to-day operations; and • management decision making – potential to be impacted if several members of the senior leadership team were to become incapacitated.	Our response to mitigate the immediate and longer-term impacts of COVID-19 are detailed within the CEO's Report and Financial Review. As evidenced by COVID-19, mitigation of the impacts of a global pandemic is very challenging. To navigate the challenges and mitigate the potential adverse impacts on the Group, we have focused on: • well invested, modern IT infrastructure to support remote and agile working; • adapting our working environments and practices to operate safely; • short lease terms with costs commensurate to revenues generated across store portfolio mitigating adverse financial impact of customer demand reduction; and • increasing our casual ranges to reduce our exposure to occasion wear.	
BRAND AND REPUTATIONAL RISK The Group's performance is influenced by the image, perception and recognition of the QUIZ brand. Failure to ensure that the brand continues to be innovative, relevant and respected would impact the business. Not only could our brand be undermined or damaged by our actions but also by those of our franchise partners or issues connected with product sourcing.	We carefully monitor the brand and its reputation with feedback closely monitored, with particular reference made to feedback provided through social media channels. New partners are carefully vetted prior to engaging with the business and our contractual arrangements help protect the brand's reputation.	
DEVELOPMENT OF OVERSEAS MARKETS Failure to identify and maximise opportunities for international growth either through our franchise operations or ecommerce could have an adverse impact. Failure to identify appropriate franchise partners or failure to support these markets with systems and supply chain capability could result in not establishing the brand effectively in new markets. The failure of a franchise partner could impact the business through lost revenue and the failure to recover balances owed.	We perform extensive due diligence on all potential partners and territories to assess our appropriate routes to market. We are progressively operating in a range of international markets, which helps to mitigate over-reliance on and exposure to any one territory. Our team of experienced buyers, merchandisers and designers allows for products to be tailored for each market as appropriate. Zonal pricing is adopted which allows the business to be competitive in each key market according to its circumstances. The credit risk associated with franchise partners is addressed through the provision of Standby Letters of Credit or the application of appropriate credit terms.	
FASHION AND DESIGN As with all fashion brands there is a risk that our offer will not satisfy the needs of our customers or we fail to correctly identify trends. If new product ranges or styles fail to meet sales expectations, lower sales and market share could occur.	The QUIZ business model is based upon being reactive to customer demand with a "test and repeat" supply model that is able to introduce new products within weeks of identifying trends and reorder successful lines quickly. We have an experienced team of buyers, merchandisers and designers which closely follows changes in the market, consumer trends and fashion to ensure that we remain able to respond to changes in consumer preference. We have also invested in modern systems which provide detailed information on how consumers are responding to products which allows us to react accordingly.	

LINKS TO STRATEGY

ONLINE 12 Read more

INTERNATIONAL 12 Read more

UK STORES AND CONCESSIONS 13 Read more

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk and impact	Mitigation	Links to strategy
CHANGING ECONOMIC ENVIRONMENT Broad changes to consumer expenditure or a deterioration in the economy could materially and adversely affect the Group's financial condition, operations and business prospects. In the UK, where the majority of the Group's revenues are generated, the expected exit from the EU has increased the likelihood and potential impact of this risk.	In the short term the brand's focus on providing a quality and value-for-money product ensures QUIZ appears as a viable option in the event of reduced overall expenditure. In the longer term the flexible business model, such as stores having short lease terms, provides the ability to direct resources to where is most relevant for the QUIZ customer.	
BREXIT The ongoing potential exit of the UK from the EU adds complexity and uncertainty across many areas of the Group's operations that could impact on our ability to get products to customers in a timely manner and on product profit margins. A so-called "no deal" Brexit, whereby there is no free trade agreement between the UK and the EU, is likely to exacerbate potential impacts on the Group. Specific risk areas that could be impacted by Brexit are as follows: • Changes in customs duty and VAT regimes: It is likely that goods being imported to and exported from the EU will be subject to a different duty and VAT regime, which may result in increased costs to the Group. Additional paperwork and administration are likely to be required in order to move product into and out of both the UK and the EU. • Supply chain delays: Additional customs procedures may result in delays to both inbound and outbound movements of goods, particularly if the UK withdraws from the EU with no free trade agreement. This could adversely affect our supply chain and our ability to supply our Irish stores and concessions. • Foreign exchange fluctuations: The Group's exposure to fluctuations in foreign exchange rates is increased as a result of the impact of Brexit. • Regulation and compliance: The regulatory regime applicable to the manufacture and sale of products may increase in complexity if the UK adopts a different framework from the current EU-based legislation.	The continuing lack of clarity on the nature and timing of the post-Brexit arrangements make it challenging to plan mitigation strategies effectively. Planning has been focused on preparing for a "no deal" Brexit with input from external advisers as appropriate. Mitigating actions include: • Changes in customs duty and VAT regimes: An assessment of the Group's operations has been undertaken to identify additional costs. Paperwork (e.g. commercial invoices) has been automated to improve efficiency where possible. • Supply chain delays: In the short term, we are seeking to expedite delivery of products into the EU ahead of the UK's withdrawal. The business is working with its distributors to comply with requirements after leaving the EU and to minimise any disruption. • Foreign exchange fluctuations: As noted below the Group hedges a material proportion of its foreign exchange requirements using forward contracts. • Regulation and compliance: Ongoing legal advice is being taken in this area to ensure continued compliance with relevant EU and UK regulations.	
PRODUCT SOURCING We source product from a wide range of suppliers including a significant proportion from overseas. Failure to carry out sufficient due diligence on our suppliers, and to act in the event of any negative findings, especially in relation to ethical or quality-related issues, could adversely impact our brand and reputation.	The Group has a policy and process for undertaking due diligence on existing and new suppliers. This includes a review of compliance with laws and regulations and that suppliers meet generally accepted standards of good practice. In addition, suppliers are required to sign up to the QUIZ code of conduct. This process includes steps to ensure transparency of where products are produced and under what conditions. Ethical audits are undertaken across the product supply base supported by a third-party agency. The wide range of suppliers reduces any dependency on any one producer, minimising the impact of any need to terminate arrangements. Steps taken to strengthen the Group's systems and processes and to give QUIZ increased visibility of its supply chain are outlined in the Chairman's Statement on page 4.	
LOSS OF KEY TRADING PARTNER There is a high dependency on a small number of third-party partners in relation to online, franchise and concession revenues. The loss of one of these partners would impact upon the business.	Trading relationships with all our partners are monitored on a regular basis to ensure they are profitable for both parties. If relationships are unprofitable they are terminated. We have regular contact with our key partners to ensure our relationships continue to evolve. The continued growth and diversification of the business reduces the existing dependency and allows for new partners to be identified. Credit risk is managed through the use of a Standby Letter of Credit for a number of international customers.	

Risk and impact	Mitigation	Links to strategy
PHYSICAL INFRASTRUCTURE Damage to or the loss of our distribution facility could have a material impact upon the business and its ability to effectively service our customers. A similar event at the head office could impact the ability of the business to operate effectively.	Preventative measures are taken to minimise the risk associated with damage to or the loss of our distribution facility or head office. Business continuity of the head office functions would be preserved through working from an alternative facility. In addition, the Group maintains insurance cover at an appropriate level to protect against the impact of such an interruption.	
IT INFRASTRUCTURE AND CYBER SECURITY The Group's IT infrastructure is key to the operation of its business. Non-availability of the Group's IT systems, including the website, for a prolonged period or malicious attacks, data breaches or viruses could result in business disruption, loss of sales and reputational damage.	Arrangements are in place with regards to key systems to allow for issues to be promptly addressed. For prolonged issues disaster recovery procedures minimise the risk of lost information. Access to systems is restricted to minimise the possibility of malicious attacks, data breaches or viruses. A regular assessment of vulnerability to malicious attacks is performed and any weaknesses rectified. The storage of personal data is tightly controlled in line with data protection guidelines and PCI requirements and to ensure compliance with GDPR. Employees are made aware of the Group's IT security policies and we deploy a suite of tools to protect against such events.	
INFRASTRUCTURE FOR ECOMMERCE SALES The business has rapidly grown its online sales and this is a key pillar for future growth. Failure to continue to develop personnel, systems and the product offering in this area could impact upon the existing business and the potential for growth.	The team associated with ecommerce sales has grown with the increase in sales and we regularly identify what resource will be required to facilitate future growth. A budget is allocated to provide for capital investment in software and other initiatives to ensure the infrastructure supports future growth.	
PEOPLE Our success to date has been linked to the performance of our people, particularly in relation to key individuals. The failure to develop the capability and capacity of our people would impact upon the future development of the business.	We look to ensure that key individuals are retained through long-term incentive schemes and by providing competitive remuneration. We have developed each team within the business by appropriate recruitment and by looking to provide a structure that allows for future development.	
LOSS OF KEY STAFF The existing management team has contributed significantly to our growth and performance. The loss of a key individual could have a detrimental effect on our business.	The existing shareholdings of a number of the key management provide a clear incentive to contribute to the long-term development of the business. Other members of the management team are attracted and retained through share-based awards and performance-related pay. In addition, a team-based approach is adopted across the business which reduces dependence and contributes to succession planning.	
REGULATORY AND LEGAL FRAMEWORK We operate in a range of international markets and must comply with various regulatory requirements. Failure to do so could lead to financial penalties and/or reputational damage.	The Group closely monitors changes in the legal and regulatory framework within the markets in which it operates. We work closely with advisers in each market to ensure compliance with local laws and regulations.	
FOREIGN EXCHANGE The Group is exposed to fluctuations in the exchange rates of key currencies.	The Group has adopted a hedging policy to mitigate short-term foreign exchange risk. We currently seek to hedge a material proportion of forecasted currency requirements through the use of forward contracts.	

LINKS TO STRATEGY

ONLINE 12 Read more

INTERNATIONAL 12 Read more

UK STORES AND CONCESSIONS 13 Read more

SOCIAL RESPONSIBILITY

At QUIZ, we recognise the importance of acting as a responsible company in everything that we do.

Our social responsibilities are focused on two key strands: our supply chain and partnering with our suppliers to create distinctive products made with care, consideration and respect; and creating and nurturing an exciting environment for both our employees and the local communities in which we reside.

We call these strands Fashion with Integrity and Our QUIZ Community.

Building long-term relationships with our suppliers has created a sustainable supply chain to respond to changing fashions and consumer preferences. We work with our suppliers to ensure that our expectations with regards to ethical compliance are reflected throughout our supply chain.

FASHION WITH INTEGRITY

We are aware of the sensitivities of sourcing responsibly and the challenges posed by having a global supply chain focused on fashion. Our customers expect the latest looks from us, but with this comes a duty to ensure our products are sourced and manufactured responsibly. The responsibility for meeting these expectations is led from the Board and is integral to our core values and permeates all departments.

As a business, we are committed to providing good quality products to our customers and a vital part of this commitment relies on our suppliers ensuring that all goods are produced in a safe working environment where workers' rights are respected. We require our suppliers to sign the QUIZ Ethical Code of Practice, which adheres to the core principles of the Ethical Trading Initiative Base Code, which sets worldwide standards on labour practices, to protect our own workers as well as those throughout our supply chain.

QUIZ suppliers must comply with this practice to ensure their workforces, working conditions, management and production processes are not just legally compliant but are also fair, responsible and sustainable.

Much of our product is sourced from China, with a significant percentage manufactured in the UK. We understand that supply chain and ethical compliance transparency is a challenging area and are committed to continuously driving improvements through non-compliance remediation, factory visits and supporting suppliers to ensure their compliance with our requirements. Whilst we have worked with many of our suppliers for a number of years, developing long-lasting relationships which are based on mutual trust and expertise, we ensure that compliance is verified both by our resources and independently.

We have taken a number of steps to ensure compliance with our Ethical Code of Practice:

- We have appointed a new Ethical Compliance Manager who is based in the Midlands, enabling increased communication, checks and visits with our suppliers in the Leicester region.
- We have worked closely with the compliance team at one of our major UK retail partners to conduct supplier visits and compare best practice processes.
- We have engaged with and commissioned specialist third parties to provide independent audits of each of the factories within our supply chain on an ongoing basis.
- We have introduced a new process to prevent unauthorised sub-contracting by providing clearer visibility of the factory address where every QUIZ product is being made.
- We have increased the number of audits and random factory site visits across our supply chain to increase ongoing visibility of compliance with the Group's strict values and requirements.

The Board will continue to prioritise ensuring that the Group has an ethical and responsible supply chain that all of QUIZ's stakeholders can be proud of. We are committed to continually investing in this critical area of the business to ensure that the Group's systems remain robust and that the Group's strict Ethical Code of Practice is always adhered to without exception.

Our public statement with regards to the Modern Slavery Act, detailing our progress and commitment, is available at www.quizgroup.co.uk.

OUR QUIZ COMMUNITY

Since March 2020, our focus has been given to supporting our colleagues during the COVID-19 lockdown period. We were proactive in our decision making both in terms of moving to remote working and closing our stores before the Government-imposed lockdown. In addition, we closed our distribution centre and ceased online sales for a number of weeks to ensure that this facility was adapted to be as safe as possible. We utilised the furlough arrangements to preserve as many roles as possible. We have increased the frequency of our business-wide communications to help them support staff, including furloughed employees.

In operating our business, the talent, creativity and passion of our people are at the heart of the QUIZ culture. Everything we do is with the customer in mind. Our customer-first mentality is embedded at our head office, in our stores and concessions, and throughout the markets where our teams operate.

The value we place in our people is shown in the way we motivate them. We encourage new learnings and development as well as reward their valuable contribution.

We encourage new talent and cultivate creative ideas and, as a team, we are always looking to push boundaries and explore opportunities. Many of our employees have been with QUIZ for much of their working years and, as the QUIZ community grows and we welcome new talent and new ways of doing things, this team-based approach will always remain at our core.

We care about the local communities in which we work and make sure we positively contribute to those local communities in which we reside. Our dedicated teams, at head offices and across our stores, hold numerous fundraising events throughout the year and sample sales on behalf of local charities. The funds raised along with revenue raised through the sale of plastic bags in store are distributed to local charities based upon staff input as to how money should be allocated.

We are committed to ensuring that all our team members, regardless of gender, receive the same support and opportunities to progress, develop and enjoy a rewarding career with us. Our latest gender pay gap information (gender pay gap is the difference between our male and female mean and median salaries across the whole organisation) reported a 7.6% median pay gap, which is below the UK national average of 18.4%.

The fact that a gender pay gap exists at QUIZ is, we believe, due to the structure of our business rather than any differentials in how we pay men and women for doing the same role. We continue to look at ways that we can evolve and improve these results.

As a responsible business, we encourage diversity in the workplace and we are committed to treating everyone fairly and ensuring that everyone – no matter what their background, race, ethnicity, gender or disability – has the same opportunities to progress, develop and enjoy a rewarding career. If an employee were to become disabled whilst in employment and as a result was unable to perform his or her duties, every effort would be made to offer suitable alternative employment and assistance with retraining. We continue to support the development of all our colleagues – in particular our talented female colleagues into leadership roles. We will continue to support all colleagues to ensure they have a long and rewarding career with us.



We encourage new talent and cultivate creative ideas and, as a team, we are always looking to push boundaries and explore opportunities.

GREENHOUSE GAS EMISSIONS

The Group reports on all the greenhouse gas ("GHG") emission sources as required under the Streamlined Energy and Carbon Reporting ("SECR") legislation.

The methodology used to calculate our emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), based on the operational control approach, i.e. where the Group operates the facility or asset. The space occupied by the Group within concession stores is excluded from the calculations because the Group has neither financial nor operational control over a concession area. Data has been calculated using BEIS 2019 emission factors for all carbon streams. All emission and energy usage reported is UK based, which complies with the requirements for large unquoted companies.

UK GHG emissions data[1]	FY20
Scope 1 (tonnes CO_2e)[2] Combustion of fuel and operation of facilities, refrigeration	**32**
Scope 2 (tonnes CO_2e)[3] Electricity, heat, steam and cooling purchased for own use	**1,077**
Total Scope 1 and Scope 2 emissions	**1,109**
Intensity metric (tonnes of CO_2e per £million of retail revenue)	**9.40**

1. Figures represent a twelve-month period ending at or around the financial year end. FY20 is the first year that the Group has reported under SECR legislation; therefore, no comparative information is presented.
2. Scope 1: emissions associated with our direct activities, such as heating our stores, offices, warehouses and company cars.
3. Scope 2: emissions from the electricity we purchase.

During the year the UK GHG emissions were impacted by the opening of four new stores and the closure of two.

The Strategic Report relates to the content on pages 2 to 23.

TARAK RAMZAN CHIEF EXECUTIVE
30 November 2020

BOARD OF DIRECTORS

A

PETER COWGILL

INDEPENDENT NON-EXECUTIVE CHAIRMAN



Peter was appointed Executive Chairman of JD Sports Fashion Plc in March 2004, prior to which he was Finance Director. Peter has been instrumental in driving the strong performance of JD Sports Fashion over the past decade. Peter is also the Non-Executive Chairman of United Carpets Plc and was appointed as a Non-Executive Chairman of Roxor Group Limited on 3 December 2018.

N

TARAK RAMZAN

CHIEF EXECUTIVE



Tarak opened his first QUIZ retail store in Glasgow in 1993. After inheriting his father's manufacturing business aged 18, Tarak made the decision to move into retail once UK manufacturers began to move offshore. With his passion for retail and a keen eye for fashion and product, he has steered the Company to success using a strategy that is centred around QUIZ's distinctive selling proposition and ability to stay ahead of the competition. Tarak has developed QUIZ's fast-fashion business model over the years and is responsible for brand strategy, buying and merchandising.

R

GERARD SWEENEY

CHIEF FINANCIAL OFFICER



Gerard joined QUIZ in September 2016 as Chief Financial Officer. He was previously the Group Finance Director at Robert Wiseman Dairies PLC, where he worked for 15 years. Gerard is responsible for the finance function, the development of systems and reporting to support the business. After completing an Accountancy degree, he qualified as a chartered accountant when working with Arthur Andersen. Gerard is also the Company Secretary.

SHERAZ RAMZAN

CHIEF COMMERCIAL OFFICER



Sheraz joined QUIZ in 2003 after completing a degree in Engineering and then a Master's in Business Management. Initially tasked with raising the profile of the non-clothing merchandise part of the business, he developed a fast and flexible Far East supply chain, supporting growth of the footwear and accessories ranges. In his current role, Sheraz is responsible for strategic planning, brand marketing and facilitating Company growth by engaging with new partners and territories. He plays a role in overseeing the development of the QUIZ domestic and international online operations.

N R

CHARLOTTE O'SULLIVAN

INDEPENDENT NON-EXECUTIVE DIRECTOR



Charlotte has over 15 years' experience in luxury marketing and leading omni-channel business transformation. She is currently the Marketing and Digital Director at Mulberry Group plc, where she is an executive board member and is responsible for driving an integrated, customer-centric business strategy across the marketing, press and digital teams. Charlotte previously held ecommerce and marketing roles with decoration specialist St Nicolas and luxury lingerie brand Myla, before joining Mulberry in 2007. Charlotte chairs the Nomination Committee of QUIZ.

A N R

ROGER MATHER

INDEPENDENT NON-EXECUTIVE DIRECTOR



Roger joined the QUIZ Board in May 2017. Previously, he was the Group Finance Director and a board member of Mulberry Group plc for eight years, stepping down in May 2016. Roger is a Fellow of the Institute of Chartered Accountants in England and Wales having trained professionally with Price Waterhouse. He spent the previous ten years in senior finance and commercial roles within the multinational Otto Group based in both Hong Kong and the United Kingdom. During January 2020, Roger became a Non-Executive Director and the Audit Committee Chair of Science in Sport plc. Roger chairs the Audit Committee and the Remuneration Committee of QUIZ.

A Audit Committee

N Nomination Committee

R Remuneration Committee

Committee Chair

GOVERNANCE FRAMEWORK



PETER COWGILL
Independent Non-Executive Chairman

I have pleasure in introducing the QUIZ plc Corporate Governance Statement. The Board is committed to supporting high standards of corporate governance. In this section of the Annual Report we set out our governance framework and describe the work we have done to ensure good corporate governance throughout QUIZ plc and its subsidiaries.

BOARD GOVERNANCE

The Company is listed on the Alternative Investment Market of the London Stock Exchange. The Company continues to adopt the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The Directors support the principles contained in these requirements and apply these where they consider they are appropriate for a company of QUIZ plc's size and nature. The Directors are committed to continuing to maintain high standards of corporate governance.

Further details are set out on the Group's Investor Relations website at www.quizgroup.co.uk/governance.

THE BOARD OF DIRECTORS

The Board comprises three Executive Directors and three Non-Executive Directors reflecting a blend of different experience and backgrounds. Each of the Non-Executive Directors are considered "independent". Further details regarding the Directors are set out on pages 24 and 25.

The experience and knowledge of each of the Directors give them the ability to constructively challenge strategy and to scrutinise performance.

ROLE OF THE BOARD

The Board is collectively responsible for the long-term success of the Group. It provides entrepreneurial leadership, sets Group strategy, upholds the Group's culture and values, reviews management performance and ensures that the Group's obligations to shareholders are understood and met.

The Board is committed to a strong ethical corporate culture and ensuring that the culture in the business is consistent with the Company's objectives, strategy and business model as outlined in the Strategic Report and addresses the principal risk and uncertainties. The Board achieves this by:

- encouraging diversity, inclusion and equal opportunities for all employees as outlined in the Social Responsibility section of this report;
- investment in training and development;
- regular communication with employees with regard to developments in the business;
- appropriate induction for new employees;
- investment in a head office which provides a creative environment consistent with the Group's values; and
- robust procedures to monitor and report upon compliance from suppliers with the Group's Ethical Code of Practice.

The Board monitors and assesses the culture in the business through feedback received at Board meetings with regard to matters such as regular reports on ethical compliance and personnel matters such as employee retention, feedback from employees and training and development initiatives.

HOW THE BOARD OPERATES

The Executive Directors are responsible for business operations and for ensuring that the necessary financial and human resources are in place to carry out the Group's strategic aims. The Non-Executive Directors' role is to provide an independent view of the Group's business, to constructively challenge management and to help develop proposals on strategy. The Board as a whole reviews all strategic issues and key strategic decisions on a regular basis.

All Directors take decisions objectively in the interests of the Group.

The Chairman, aided by the Company Secretary, takes responsibility for ensuring that the Directors receive accurate, timely and clear information.

Directors are aware of their right to have any concerns recorded in the Board minutes.

MATTERS RESERVED FOR THE BOARD

The Board has a formal schedule of matters reserved to it for decision, including the approval of annual operating and capital expenditure plans and the review of performance against these plans and the Group's strategy and objectives, treasury and risk management policies.

BOARD MEETINGS

The Board met five times in the year. For all scheduled Board meetings an agenda is established and a Board pack is circulated at least 48 hours ahead of the meeting.

As a minimum, the items covered include the evaluation of financial performance; the monitoring of performance against key budgetary targets; updates on governance, finance, legal and risk matters; health and safety; and proposals for any major items of capital expenditure.

The Board receives reports from the Executive Directors to enable it to be informed of and supervise the matters within its remit. The Board considers at least annually the Group's strategic plan.

Where issues arise at Board meetings, the Chairman ensures that all Directors are properly briefed and, when necessary, appropriate further enquiries are made.

In addition to scheduled meetings, the Board will convene to consider significant issues as they arise.

BOARD COMMITTEES

The Board has three separate Board Committees: Audit, Remuneration and Nomination.

Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities, with copies available on request from the Company Secretary. The terms of reference of each Committee are kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. The Company Secretary is the secretary of each Committee.

A report from each Committee follows this commentary regarding the governance framework.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The table below shows the attendance of individual Directors at Board and Committee meetings of which they were members during the year.

TIME COMMITMENTS

The Board is satisfied that the Chairman and each of the Non-Executive and Executive Directors continue to be able to devote sufficient time to the Company's business.

The time commitment required from each Director includes attending the Board and Committee meetings outlined below, receiving and providing feedback on business developments on a weekly and monthly basis and being available between Board meetings for further discussion and feedback.

EVALUATION

During the year the Chairman conducted an internal evaluation of the Board (including sub-committees and individual Board members). This evaluation, which comprises anonymous questionnaires, considered the performance, commitment and contribution of each Director and that the Board members' respective skills complement each other and enhance the overall operation of the Board. The results of this evaluation were confirmed to the Board and its Committees to advise whether they are operating to the satisfaction of the Chairman and achieving their objectives.

The review supported the current structure, the skills available and the overall operation of the Board with no major changes being required.

It is considered that the Board provides an appropriate mix of skills and personal qualities with substantial experience of working across the retail sector with expertise in different areas. This provides the Board with the capabilities to deliver the strategy of the Group and to benefit shareholders over the medium to long term.

DEVELOPMENT

The Company Secretary ensures all Directors are kept abreast of changes in relevant legislations and regulations, with the assistance of the Group's advisers where appropriate.

In addition, the Group is supportive in providing access to training for any Directors who deem this necessary to keep their skills up to date.

EXTERNAL APPOINTMENTS

In the appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations provided the time commitment does not conflict with the Director's duties to the Company. The appointment to such positions is subject to Board approval.

CONFLICTS OF INTEREST

At each meeting the Board considers Directors' conflicts of interest. The Company's Articles of Association (the "Articles") provide for the Board to authorise any actual or potential conflicts of interest.

INDEPENDENT PROFESSIONAL ADVICE

Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary, who is responsible for advice on corporate governance matters to the Board.

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Peter Cowgill	●●●●●	●●●●●	●●	●●	–	–	–	–
Tarak Ramzan	●●●●●	●●●●●	–	–	–	–	●	●
Sheraz Ramzan	●●●●●	●●●●●	–	–	–	–	–	–
Gerard Sweeney	●●●●●	●●●●●	–	–	●●	●●	–	–
Charlotte O'Sullivan	●●●●●	●●●●●	–	–	●●	●●	●	●
Roger Mather	●●●●●	●●●●●	●●	●●	●●	●●	●	●

As at 30 November 2020, the Board has met six times, the Audit Committee twice and the Remuneration and Nomination Committees have met once since the end of the financial year. All applicable Directors attended these meetings.

GOVERNANCE FRAMEWORK CONTINUED

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased directors' and officers' liability insurance during the year as allowed by the Company's Articles.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The Board confirms that there are ongoing procedures for identifying, evaluating and managing significant risks faced by the Group and that it has reviewed these risks and the procedures with management before the financial year end. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- the day-to-day management of the activities of the Group by the Executive Directors;
- a detailed annual budget is prepared including an integrated profit and loss account, balance sheet and cash flow statement. The budget is approved by the Board;
- monthly reporting of performance against the budget is prepared and reviewed by the Board;
- a schedule of delegated authority is maintained which defines levels of approval authority over such items as capital expenditure, commercial contracts, litigation and treasury matters; and
- the maintenance of a risk register which is reviewed at least annually by the Board.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available.

ANNUAL GENERAL MEETING ("AGM")

The Company's AGM will take place on 30 December 2020. The Annual Report and Accounts and Notice of the AGM will be sent to shareholders in advance of this date.

AUDITORS' INDEPENDENCE

The Audit Committee reports to the Board on the effectiveness, value and independence of the auditors on an annual basis. The Audit Committee also approves the extent of non-audit work undertaken by the auditors to ensure that it does not interfere with their independence and has established guidelines for the value of non-audit services permitted to be undertaken by the auditors. The Board is satisfied with the independence and objectivity of the auditors, RSM UK Audit LLP, and is recommending their re-appointment at the AGM.

PETER COWGILL NON-EXECUTIVE CHAIR
30 November 2020

ENGAGING WITH STAKEHOLDERS

The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year preliminary results.

The Board is informed of shareholder views as part of the regular reporting process and matters for discussion.

The annual general meeting is an important opportunity for communication with both institutional and private shareholders and also involves a short statement on the Company's latest trading position. Shareholders may ask questions of the full Board, including the Chairs of the Audit, Remuneration and Nomination Committees. The result of the proxy votes submitted by shareholders in respect of each resolution will be available on the Company's website or on request from the Company Secretary.

General information about the Group is also available on the Group's website: www.quizgroup.co.uk. This includes an overview of activities of the Group and details of all recent Group announcements.

AUDIT COMMITTEE REPORT



ROGER MATHER
Committee Chair

OTHER MEMBERS
Peter Cowgill

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 March 2020.

The Committee's responsibilities include monitoring the Group's compliance with corporate governance and financial reporting requirements. It reviews the output of external audits, internal reports on risk management and internal control systems as well as the content of the Group's annual financial statements. It is responsible for monitoring the extent of non-audit services and advising on the appointment of external auditors.

In addition, the Committee reviews the effectiveness of the Group's internal controls and risk management systems and reports on these to the Board. The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the half-yearly reports remains with the Board.

MEMBERS OF THE AUDIT COMMITTEE
The Audit Committee comprises two Non-Executive Directors: me, as Chair of the Committee, and Peter Cowgill.

The external auditors (RSM UK Audit LLP), Chief Executive and Chief Financial Officer also attend Committee meetings by invitation. The Committee has met three times since 30 July 2019, being the date the Group's last Annual Report was approved.

The Board is satisfied that I, as Chair of the Committee, have recent and relevant financial experience. I am a chartered accountant and was formerly Group Finance Director at Mulberry Group plc.

The Committee has maintained dialogue with the auditors outside of the scheduled meetings and meets with the auditors without the presence of the Executive Directors and members of the finance team.

DUTIES
The duties of the Audit Committee are set out in its terms of reference, which are available on request from the Company Secretary.

Matters considered at these meetings included:

- reviewing and approving the Annual Report and Financial Statements for the year ended 31 March 2020;
- discussion with the external auditors to confirm their independence and scope for audit work;
- considering the reports from external auditors identifying any accounting or judgemental issues requiring the Board's attention; and
- observations of internal controls and reviewing the Company's risk.

The Committee meets a minimum of twice per year.

ROLE OF THE EXTERNAL AUDITORS
The Audit Committee reports to the Board on the effectiveness, value and independence of the auditors on an annual basis. The Audit Committee also approves the extent of non-audit work undertaken by the auditors to ensure that it does not interfere with their independence and has established guidelines for the value of non-audit services permitted to be undertaken by the auditors.

AUDIT PROCESS
The external auditors prepare an audit plan that sets out the scope of the audit, key areas of audit focus, audit materiality and the audit timetable for audit work. This plan is reviewed and agreed in advance by the Audit Committee. Following the completion of their work, the external auditors present their findings to the Audit Committee for discussion.

INTERNAL AUDIT
At present the Group does not have an internal audit function. In view of the size and nature of the Group's business, the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business evolves.

RISK MANAGEMENT AND INTERNAL CONTROLS
The Group has a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. The Committee has reviewed the framework and is satisfied that the internal control systems in place are currently operating effectively.

WHISTLEBLOWING
The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. During the period, there were no incidents for consideration.

GOING CONCERN
The Directors have prepared a detailed financial forecast with a supporting business plan covering the medium-term future. Further detail on the going concern review is contained in Note 1 of the financial statements. The forecast indicates that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements.

ROGER MATHER AUDIT COMMITTEE CHAIR
30 November 2020

NOMINATION COMMITTEE REPORT



CHARLOTTE O'SULLIVAN

Committee Chair

OTHER MEMBERS

Tarak Ramzan
Roger Mather

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2020.

MEMBERS OF THE NOMINATION COMMITTEE

The Nomination Committee comprises two Non-Executive Directors, me, as Chair of the Committee and Roger Mather, and the Chief Executive, Tarak Ramzan.

DUTIES

The duties of the Nomination Committee are set out in its terms of reference, which are available on request from the Company Secretary.

In carrying out its duties, the Nomination Committee is primarily responsible for:

- reviewing the structure, size and composition of the Board;
- recommending to the Board any changes required for succession planning;
- identifying and nominating for approval of the Board candidates to fill vacancies as and when they arise;
- reviewing the results of the Board performance evaluation process; and
- making recommendations to the Board concerning suitable candidates for the membership of the Board's Committees and the re-election of Directors at the annual general meeting.

The Nomination Committee meets at least once a year and otherwise as required and reports to the Board on how it has discharged its responsibilities.

ACTIVITY DURING THE YEAR

The Committee met once during the year. Given the Board was constituted in July 2017 and there have been no resignations since that date there was no requirement for recruitment to the Board in the current year.

During the year the Committee has focused its work on the following:

- The structure and composition of the Board and its Committees: The Committee discussed the skills, experience and diversity of the current Board and Committee members taking into account the current and future needs of the Group. The Committee believes that the Board has the necessary balance of skills, knowledge and experience for its current needs. The Committee believes that the Directors are able to devote sufficient time to the Group, taking into account their other directorships.
- Succession planning: The Committee discussed long-term succession planning and emergency cover, and the need to identify and develop talent both within the Group and from the wider market.

TERMS OF REFERENCE

The Committee will keep its terms of reference under review with the main objective of ensuring that an appropriate management framework and governance structure are in place.

CHARLOTTE O'SULLIVAN NOMINATION COMMITTEE CHAIR
30 November 2020

DIRECTORS' REMUNERATION REPORT



ROGER MATHER
Committee Chair

OTHER MEMBERS
Gerard Sweeney
Charlotte O'Sullivan

On behalf of the Board, I am pleased to present the Remuneration Committee Report for the year ended 31 March 2020.

The following narrative disclosures are prepared on a voluntary basis, are not subject to audit and will not be put to an advisory shareholder vote.

MEMBERS OF THE REMUNERATION COMMITTEE
The Remuneration Committee comprises two Non-Executive Directors, me, as Chair of the Committee and Charlotte O'Sullivan, and the Chief Financial Officer, Gerard Sweeney.

The Executive Chairman, CEO and external advisers may be invited to attend meetings of the Remuneration Committee but do not take part in the decision making. The Company Secretary acts as secretary to the Committee.

DUTIES
The duties of the Remuneration Committee are set out in its terms of reference, which are available on request from the Company Secretary. The terms of reference have been approved for the Remuneration Committee and are reviewed annually.

The Committee's primary responsibility is to determine, on behalf of the Board, the policy for the remuneration of the Executive Directors, the Company Secretary and such other members of the Executive Management Team of the Group as is deemed appropriate. It is furthermore responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options.

The remuneration of the Non-Executive Directors is a matter for the Board.

No Director or senior manager may be involved in any decision as to his/her own remuneration.

The Remuneration Committee meets at least twice a year.

PRINCIPLES APPLIED
The Remuneration Committee is committed to complying with the principles of good corporate governance in relation to the design of its remuneration policy and, as such, our policy takes account of the UK Corporate Governance Code and other best practice guidance (for example, the QCA Remuneration Guidance and the Investment Association's Principles of Remuneration), as far as is appropriate to the Company's management structure, size and listing.

The Non-Executive Directors of the Committee have no personal financial interest, other than as shareholders, in the matters to be decided. They have no conflicts of interest arising from cross-directorships or from being involved in the day-to-day business of the Group.

REMUNERATION OF NON-EXECUTIVE DIRECTORS
The Non-Executive Directors each receive a fee for their services, which is agreed by the Board taking into account the role to be undertaken. They are entitled to participate in the Company pension arrangements but do not participate in any of the equity or bonus schemes other than in relation to a Warrant Instrument entered into with Peter Cowgill on 18 July 2017 as described below.

Each Non-Executive Director who was in office during the year was appointed for an initial 36-month term from 28 July 2017 unless terminated earlier by either party giving the other two months' written notice.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS
The Committee's overarching aim is to attract and retain the highest calibre Directors and ensure reward for performance is competitive and appropriate for the results delivered. The remuneration package for each Executive Director incorporates performance and non-performance-related elements and:

- includes a market competitive salary, the level of which reflects the particular Director's experience and the nature and complexity of their work;
- rewards the Director's personal performance (through the award of annual bonuses) and provides an appropriate link to the Company's long-term performance and continued success (through the operation of share-based incentive schemes);
- provides post-retirement benefits through contributions to an individual's pension schemes or an equivalent cash alternative; and
- provides employment-related benefits including the provision of a company car or cash alternative, life assurance, insurance relating to the Director's duties, and medical insurance.

Each of the Executive Directors has a service contract with the Company that is terminable on twelve months' notice by either party.

SALARIES, BONUSES AND OTHER INCENTIVE SCHEMES

Each Executive Director receives a base salary and the opportunity to earn an annual bonus that is linked to the achievement of targeted levels of profit before tax in the relevant financial year. Annual bonuses will not normally exceed 100% of an individual's salary.

Long-term incentives are provided through the operation of the following arrangements that were first introduced in July 2017:

- the QUIZ Company Share Option Plan ("CSOP"), which allows tax advantaged options to be granted over the Company's shares to selected employees of the Group (including Executive Directors); and
- the QUIZ Employee Share Option Plan ("ESOP"), which enables non-tax advantaged options to be granted to the same category of individuals.

Options granted under the CSOP and ESOP generally vest after three years. During the year all options previously granted under the CSOP and ESOP were surrendered. New options were granted under the CSOP. Currently the ESOP is not being utilised.

The price per share payable on their exercise will normally be equal to the market value of a share on the date they were originally granted. Further detail of the options granted are provided in Note 22.

Given the existing size of their shareholdings, neither Tarak Ramzan nor Sheraz Ramzan have been granted awards under the CSOP or the ESOP.

The following information is required by the AIM Rules:

	Basic salary/fees £000	Bonus £000	Taxable benefits £000	Pension contributions £000	**2020 Total £000**	Basic salary/fees £000	Bonus £000	Taxable benefits £000	Pension contributions £000	2019 Total £000
Executive Directors										
Tarak Ramzan	180	–	16	22	**218**	180	–	15	22	217
Gerard Sweeney	130	–	10	13	**153**	130	19	10	13	172
Sheraz Ramzan	130	–	9	13	**152**	130	–	9	13	152
Non-Executive Directors										
Peter Cowgill	75	–	–	1	**76**	75	–	–	1	76
Charlotte O'Sullivan	35	–	–	1	**36**	35	–	–	1	36
Roger Mather	40	–	–	–	**40**	40	–	–	–	40
	590	–	35	50	**675**	590	19	34	50	693

Further to the Company's Admission to AIM each of the Executive Directors entered into service agreements which reflected salaries and benefits commensurate with their roles and responsibilities.

Each of the Executive Directors receive a car allowance which is included under taxable benefits along with the cost of providing healthcare benefits and life assurance.

Pension contributions are paid into defined contribution schemes for four Directors. Gerard Sweeney receives a cash payment in lieu of pension contributions.

The above table does not include the value of share options or share awards to or held by the Directors.

Further to the difficult trading conditions experienced since 31 March 2020, the Directors have supported the business by reducing their salaries by between 10% and 50%.

WARRANT INSTRUMENT

	31 March 2018	Granted	Exercised	31 March 2019	Granted	Exercised	**31 March 2020**	Exercise price (pence)
Peter Cowgill	186,355	–	–	186,355	–	–	**186,355**	80.50

The warrants are exercisable from 28 July 2017 to the earlier of their full exercise, Peter Cowgill ceasing to be a Director or the takeover of the Company.

OPTIONS GRANTED UNDER THE CSOP AND THE ESOP

	Scheme	31 March 2018	Granted	31 March 2019	Granted	Exercised	Surrendered	**31 March 2020**	Exercise price (pence)
Gerard Sweeney	CSOP	18,633	—	18,633	—	—	(18,633)	**—**	161.00
Gerard Sweeney	ESOP	142,857	—	142,857	—	—	(142,857)	**—**	161.00
Gerard Sweeney	ESOP	—	34,528	34,528	—	—	(34,528)	**—**	188.25
Gerard Sweeney	CSOP	—	—	—	180,600	—	—	**180,600**	15.75

During the year the Board approved the surrender of certain share options in issue and the grant of new options in order to align management incentives with current share price levels. As part of this process, Gerard Sweeney surrendered all options previously granted to him and was issued new options.

The above options vest after three years and have no performance conditions. Further details of the CSOP are outlined in Note 22 of the financial statements.

EXTERNAL NON-EXECUTIVE DIRECTOR POSITIONS

The Company allows Executive Directors to hold external directorships subject to agreement by the Chair on a case-by-case basis and, at the discretion of the Committee, to retain the fees received from those roles.

SHARE PRICE INFORMATION

The market price of the QUIZ plc ordinary shares at 31 March 2020 was 5.00 pence and the range during the year was 4.67–30.15 pence.

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

The interests of the Directors and their immediate families in the Group's ordinary shares as at 31 March 2020 were as follows:

	Beneficially owned		Unvested outstanding share awards	
	2020	2019	**2020**	2019
Executive Directors				
Tarak Ramzan	**25,313,539**	25,313,539	**—**	—
Gerard Sweeney	**12,422**	12,422	**180,600**	196,018
Sheraz Ramzan	**6,579,334**	6,579,334	**—**	—
Non-Executive Directors				
Peter Cowgill	**93,168**	93,168	**186,335**	186,335
Charlotte O'Sullivan	**6,213**	6,213	**—**	—
Roger Mather	**12,422**	12,422	**—**	—

ROGER MATHER REMUNERATION COMMITTEE CHAIR
30 November 2020

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and Auditors' Report, for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company. The principal activity of its subsidiary undertakings is that of retailing clothes.

BUSINESS REVIEW

The Directors are required to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS"). These set out the requirement for a fair review of the business, its position at the year end and a description of the principal risks and uncertainties facing the Group. The Strategic Report on pages 2 to 23 provides this commentary and these are incorporated by cross-reference and form part of this report.

RESULTS AND DIVIDENDS

Results for the year ended 31 March 2020 are set out in the consolidated statement of comprehensive income on page 41. No dividends were paid in the year and no final dividend is recommended.

DIRECTORS

The biographies of the Directors in office at the date of this report are set out on pages 24 and 25.

Details of the Directors' beneficial interests are set out in the Remuneration Report on page 31.

The Company has purchased directors' and officers' liability insurance during the year as allowed by the Company's Articles.

SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS

Details of the issued share capital, together with details of the movements during the year, are shown in Note 21 to the financial statements. The Company has one class of ordinary share and each ordinary share carries the right to one vote at general meetings of the Company.

At 31 March 2020 the Company had been notified of the following substantial shareholders comprising 3% or more of the issued ordinary share capital of the Company:

	% of issued share capital held
Tarak Ramzan	14.3
Cavendish Asset Management	11.8
Schroder Investment Management Limited	11.2
Omar Aziz	6.4
Kasim Akram	6.3
Nusrat Ramzan	6.1
Sheraz Ramzan	5.3
Mussarat Ramzan	5.2
Haris Ramzan	5.0
Quaero Capital	4.4
Artemis Investment Management	3.6

FINANCIAL RISK MANAGEMENT

Details of financial risk management are detailed in Note 26 to the financial statements.

GOING CONCERN

The Company's going concern statement can be found in the basis of preparation section in Note 1 to the financial statements.

POST-BALANCE SHEET EVENTS

The details of material post-balance sheet events are outlined in Note 28 of the financial statements.

FUTURE DEVELOPMENTS

The Strategic Report on pages 2 to 23 sets out the likely future developments of the Company and Group.

POLITICAL DONATIONS

No political donations were made during the year under review.

ENGAGEMENT WITH STAKEHOLDERS

The Board's responsibilities to promote the success of the Group under section 172 of the Companies Act 2006, as modified by the Companies (Miscellaneous Reporting) Regulations 2018, are outlined in the Section 172 Statement on page 7.

STREAMLINED ENERGY AND CARBON REPORTING

Our Streamlined Energy and Carbon Reporting is set out in the Social Responsibility section of this report.

EMPLOYEE INVOLVEMENT

The Directors recognise that communication with the Group's employees is essential and the Group places importance on the contributions and views of its employees. Details of employee involvement are set out in the Section 172 Statement on page 7 and Social Responsibility Report on pages 22 and 23.

DISABLED EMPLOYEES

Details of the Group's policy in relation to disabled employees is set out in the Social Responsibility Report on pages 22 and 23.

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each Director in office at the date the Directors' Report is approved, the following applies:

- the Director knows of no information, which would be relevant to the auditors for the purpose of their Auditors' Report, of which the auditors are not aware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make him/herself aware of any such information and to establish that the auditors are aware of it.

AUDITORS

The auditors, RSM UK Audit LLP, have indicated their willingness to continue in office and a resolution seeking to re-appoint them will be proposed at the AGM. This Directors' Report was approved by the Board of Directors and authorised for issue on 30 November 2020.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 30 December 2020.

GERARD SWEENEY COMPANY SECRETARY
30 November 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Jersey company law requires the Directors to prepare Group and Company financial statements for a period not more than 18 months in accordance with generally accepted accounting principles. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under Jersey company law to prepare the Company financial statements in accordance with United Kingdom Accounting Standards.

The financial statements of the Group and the Company are required by law to give a true and fair view of the state of the Group's and the Company's affairs at the end of the financial year and of the profit or loss of the Group and the Company for that year and are required to present fairly the financial position and performance of the Group and the Company.

In preparing the Group and the Company financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU for the Group and in accordance with United Kingdom Accounting Standards for the Company; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain the Group's and the Company's transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the QUIZ plc website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

TARAK RAMZAN CHIEF EXECUTIVE
GERARD SWEENEY CHIEF FINANCIAL OFFICER
30 November 2020

OPINION

We have audited the financial statements of Quiz PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, company statement of comprehensive income, company statement of financial position, company statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group and company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Accounting Standards; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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 group and parent 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 as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 in the financial statements, which indicates that there are macro-economic and social factors outside the Group's control, primarily in respect of the UK Government's measures to control the spread of COVID 19 and which have had, and will continue to have, a material impact on the Group's trading performance for the foreseeable future. The uncertainty this creates in the Group's ability to accurately forecast trading cash flows and continue to trade within their current facilities indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SUMMARY OF OUR AUDIT APPROACH

	Group	Parent company
Key audit matters	• Valuation of inventory • Impairment of high street retail assets	None noted
Materiality	• Overall materiality: £501k • Performance materiality: £376k	• Overall materiality: £274k • Performance materiality: £205k
Scope	Our audit procedures covered 99% of revenue, 99% of total assets and 95% of profit before tax.	

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS continued

Valuation of inventory

Key audit matter description (as noted in the critical estimates and judgements section of the financial statements on page 52)	The Group purchases stock to sell through in seasonal lines and, due to the fast-moving nature of their product lines, have historically disposed of "out of season" stock through discounting activity in their main sales channels. Immediately prior to the year end, but following the ordering and receipt of Spring / Summer 2020 season stock the group was forced to close all of its UK stores and concessions in response to the COVID 19 pandemic. This is expected to have a significant impact on the underlying net realisable value of the year end stock. The Group has made provision for anticipated slow moving and unsaleable stock based on the ageing profile of stock lines and on future anticipated demand for the most recent stock lines. Provision of £4.3m has been made against stock, leaving a net value of £9.7m. This provisioning has been made based on the ageing of stock lines and anticipated sell-through.
How the matter was addressed in the audit	We documented management's provisioning methodology. Having previously needed very little provision against stock, the Group have adopted a provisioning methodology, in line with sector practice, on a 2 year provisioning cycle and we have considered whether that this is appropriate, based on the slow rate of sales on older stock lines in the year and subsequently. The provision against current season stock has been assessed against the sales price of stock and level of discount that can be borne while still recovering cost. We compared the inventory provision methodology to peer companies and considered the % provision remaining on overall stock after taking account of items sold post year end. We have audited the mathematical accuracy of the calculations and challenged management's justification for the overall level of provision, taking account of sales of year end stock that have taken place since the year end.
Key observations	The provisioning methodology was found to be consistent with peers and the documented methodology has been applied consistently across all stock lines.

Impairment of high street retail assets

Key audit matter description (as noted in the non-recurring costs note section of the financial statements on page 52 and Note 4 on page 54)	Kast Retail Limited, one of the Group's subsidiary companies responsible for operation of the high street retail channel, was already experiencing reduced footfall and a downturn in trade and suffered most severely from the lockdown imposed by the UK Government in March 2020, and subsequently, as a response to the COVID 19 global pandemic. As the company was forced to close stores during lockdown, arrears of property related costs built up and in June 2020 the company entered Administration. These factors were considered indicators that assets related to the high street retail operation may be impaired, management conducted impairment testing on all related assets, calculating this in line with IAS 36 Impairment of Assets. This assessment gave rise to impairment charges of £7.3m relating to fixtures and fittings and £11.2m on Right of Use Assets.
How the matter was addressed in the audit	We gained an understanding of and documented management's basis of calculating the impairment charge including their estimation of fair value less costs to sell and their calculation of value in use. We audited the inputs to the impairment model to key supporting evidence, including remaining lease terms, and historic store by store management accounting information and considered whether this information was consistent with other forecasts provided by management to support the Going Concern assumption. We reperformed calculations of the impairment charge and, through sensitivity analysis on the forecast trading performance, assessed a possible range of outcomes.
Key observations	We found the impairment charge calculated by management to be materially within the range of possible outcomes we assessed. We found the remaining carrying value of the assets to be supported by forecast trading performance of those store assets.

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

OUR APPLICATION OF MATERIALITY continued

	Group	Parent company
Overall materiality	£501k	£274k
Basis for determining overall materiality	5% of result before tax based on planning information	2% of total assets based on planning information
Rationale for benchmark applied	Result before tax is key driver for shareholders	Value of assets held in the group is key driver for company
Performance materiality	£376k	£205k
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £25k and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £14k and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The group consists of 7 components, the majority of which are based in the UK, with operations in ROI and in Spain.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	6	99%	99%	95%
Specific audit procedures	1	1%	1%	5%
Total	**7**	**100%**	**100%**	**100%**

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 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company or proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- we have failed to obtain any information or explanation that, to the best of our knowledge and belief, was necessary for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 36, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is included in appendix 1 of this auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

ALAN AITCHISON (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF RSM UK AUDIT LLP, STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
THIRD FLOOR, CENTENARY HOUSE
69 WELLINGTON STREET
GLASGOW
G2 6HG
30 November 2020

APPENDIX 1: AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2020

	Notes	**2020 £000**	2019 £000
Continuing operations			
Revenue	3	**118,020**	130,898
Cost of sales		**(46,892)**	(51,498)
Gross profit		**71,128**	79,400
Recurring administrative costs		**(54,681)**	(54,760)
Non-recurring administrative costs	4	**(26,337)**	(369)
Total administrative costs		**(81,018)**	(55,129)
Distribution costs		**(18,810)**	(24,066)
Other operating income		**38**	6
Total operating costs		**(99,790)**	(79,189)
Operating (loss)/profit	6	**(28,662)**	211
Finance income	7	**28**	36
Finance costs	7	**(811)**	(31)
(Loss)/profit before income tax		**(29,445)**	216
Income tax credit/(charge)	8	**418**	(104)
(Loss)/profit for the year		**(29,027)**	112
Other comprehensive income			
Foreign currency translation differences – foreign operations		**62**	(46)
(Loss)/profit and total comprehensive income for the year attributable to owners of the parent		**(28,965)**	66
(Loss)/profit per share			
Basic earnings per share	9	**(23.37)p**	0.09p
Diluted earnings per share	9	**(23.34)p**	0.09p

All of the above income is attributable to the shareholders of the parent company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	31 March 2020 £000	31 March 2019 £000
Assets			
Non-current assets			
Property, plant and equipment	11	**7,270**	15,983
Right-of-use assets	12	**2,992**	–
Intangible assets	13	**4,061**	8,230
Total non-current assets		**14,323**	24,213
Current assets			
Inventories	14	**9,693**	14,453
Trade and other receivables	15	**7,110**	12,552
Cash and cash equivalents	23	**6,897**	7,555
Total current assets		**23,700**	34,560
Total assets		**38,023**	58,773
Liabilities			
Current liabilities			
Trade and other payables	16	**(11,367)**	(17,099)
Loans and borrowings	17	**–**	(40)
Lease liabilities	12	**(6,388)**	–
Derivative financial liabilities	18	**(36)**	(5)
Corporation tax payable		**(149)**	(452)
Total current liabilities		**(17,940)**	(17,596)
Non-current liabilities			
Lease liabilities	12	**(9,950)**	–
Deferred tax liabilities	19	**(7)**	(378)
Total non-current liabilities		**(9,957)**	(378)
Total liabilities		**(27,897)**	(17,974)
Net assets		**10,126**	40,799
Equity			
Called-up share capital	21	**373**	373
Share premium	21	**10,315**	10,315
Merger reserve	21	**915**	915
Retained earnings	21	**(1,477)**	29,196
Total equity attributable to the owners of the parent company		**10,126**	40,799

These financial statements of QUIZ plc, registered number 123460, on pages 41 to 69 were approved by the Board of Directors and authorised for issue on 30 November 2020 and were signed on its behalf by:

TARAK RAMZAN CHIEF EXECUTIVE
GERARD SWEENEY CHIEF FINANCIAL OFFICER
30 November 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	Notes	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000
At 1 April 2018		373	10,315	915	30,537	42,140
Profit and total comprehensive income for the year		–	–	–	66	66
Share-based payments charge	22	–	–	–	84	84
Dividends paid	10	–	–	–	(1,491)	(1,491)
At 31 March 2019		**373**	**10,315**	**915**	**29,196**	**40,799**
Loss and total comprehensive income for the year		**–**	**–**	**–**	**(28,965)**	**(28,965)**
Impact of IFRS 16 implementation		**–**	**–**	**–**	**(1,739)**	**(1,739)**
Share-based payments charge	22	**–**	**–**	**–**	**31**	**31**
At 31 March 2020		**373**	**10,315**	**915**	**(1,477)**	**10,126**

All equity is attributable to the owners of the parent.

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2020

	Notes	**Year ended 31 March 2020 £000**	Year ended 31 March 2019 £000
Cash flows from operating activities			
Cash generated by operations			
(Loss)/profit for the year		**(29,027)**	112
Adjusted for:			
Depreciation of property, plant and equipment		**3,911**	3,767
Impairment of property, plant and equipment		**7,350**	–
Depreciation of right-of-use assets		**6,117**	–
Impairment of right-of-use assets		**11,208**	–
Amortisation of intangible assets		**467**	245
Impairment of intangible assets		**5,230**	–
Share-based payment charges		**31**	84
Exchange movement		**87**	(29)
Finance cost expense/(income)		**783**	(5)
Income tax credit/(charge)		**(418)**	104
Decrease in inventories		**4,760**	264
Decrease/(increase) in receivables		**4,920**	(2,779)
(Decrease)/increase in payables		**(4,273)**	5,030
Net cash generated from operating activities		**11,146**	6,793
Interest paid		**(696)**	(31)
Income taxes paid		**(255)**	(832)
Net cash from operating activities		**10,195**	5,930
Cash flows from investing activities			
Payments to acquire intangible assets		**(1,528)**	(1,186)
Payments to acquire property, plant and equipment		**(2,548)**	(4,957)
Interest received		**28**	36
Net cash used in investing activities		**(4,048)**	(6,107)
Cash flows from financing activities			
Repayment of borrowings	24	**(40)**	(254)
Payment of lease liabilities	24	**(6,739)**	–
Dividends paid		**–**	(1,491)
Net cash used in financing activities		**(6,779)**	(1,745)
Net decrease in cash and cash equivalents	24	**(632)**	(1,922)
Cash and cash equivalents at beginning of year		**7,555**	9,495
Effect of foreign exchange rates		**(26)**	(18)
Cash and cash equivalents at end of year	23	**6,897**	7,555

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

QUIZ plc (the "parent company") is a public limited company, incorporated and domiciled in Jersey. It is listed on AIM. The registered office of the Company is 22 Grenville Street, St Helier, Jersey, Channel Islands JE4 8PX, and the principal activities and nature of the Group's operations are set out in the Strategic Report on pages 2 to 23.

These financial statements for the year ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRS"), IFRS IC interpretations and the Companies (Jersey) Law 1991.

These are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Monetary amounts in these financial statements are rounded to the nearest thousand. Foreign operations are included in accordance with the policies set out below.

The annual financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are carried at fair value.

The preparation of financial statements in conformity with International Financial Reporting Standards adopted by the European Union requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported year. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, the "Group") made up to 31 March each year. Control is achieved where the Company is exposed or has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Adoption of new and revised standards

With the exception of IFRS 16, which has been incorporated into these financial statements, there have been no new IFRSs adopted in the current year which have materially impacted the Group's financial statements.

Initial application of IFRS 16 Leases

The Group has adopted IFRS 16 Leases from 1 April 2019. The impact of adopting IFRS 16 Leases is material to the financial statements and is described below, with the financial impact being set out in the table below.

IFRS 16 Leases specifies how to recognise, measure, present and disclose leases and replaces IAS 17 Leases. The Group adopted IFRS 16 from 1 April 2019 using a simplified modified retrospective transition approach. The comparative information presented for the year ended 31 March 2019 has not been restated and therefore continues to be shown under IAS 17. Any cumulative effect of initial application is recognised in retained earnings at 1 April 2019.

The main impact of IFRS 16 for the Group is the recognition of all future lease liabilities on the statement of financial position. Corresponding right-of-use assets have also been recognised on the statement of financial position representing the economic benefits of the Group's right to use the underlying leased assets.

Accounting policy under IFRS 16 Leases

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities at the lease commencement date. The lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate and this rate is determined on a portfolio basis and based on the lease term, in relation to asset type and location.

Lease liabilities are subsequently measured at amortised cost and are increased by the interest charge and decreased by the lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or, as appropriate, changes in the assessment of whether a renewal or purchase option is reasonably certain to be exercised or a break clause is reasonably certain not to be exercised. The Group has applied judgement to determine the lease term for those lease contracts that include a renewal or break option.

A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate used is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee company's incremental borrowing rate at the date of the modification.

1 SIGNIFICANT ACCOUNTING POLICIES continued

Initial application of IFRS 16 Leases continued

Accounting policy under IFRS 16 Leases continued

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss.

For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

Right-of-use assets are initially measured at cost, which is an amount equal to the corresponding lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs and dismantling or restoration costs, less any lease incentives received.

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liabilities. Depreciation is calculated on a straight-line basis over the expected useful economic life of a lease which is taken as the lease term.

On transition to IFRS 16, the Group elected to apply the following practical expedients on a lease by lease basis:

(i) reliance on the previous identification of a lease (as provided by IAS 17) for all contracts that existed on 1 April 2019;

(ii) applying a single discount rate to a portfolio of leases with reasonably similar characteristics;

(iii) to apply the short-term exemption for all asset classes and to apply low value exemptions; and

(iv) the use of hindsight when determining the lease term if the contract contains to extend or terminate the lease.

Impact of IFRS 16 Leases

A reconciliation between IAS 17 operating lease commitments and IFRS 16 lease liabilities is as follows:

	£000
Operating lease commitments at 31 March 2019	22,004
Effects of discounting	(786)
Short-term leases	(358)
Lease liabilities recognised on adoption of IFRS 16	20,860

The effects of discounting reflect that the IFRS 16 Leases obligations have been discounted at 4.0%, being the Group's incremental borrowing rate, whilst the previously disclosed lease commitments were undiscounted. The Group's ongoing policy choice under IFRS 16 Leases is not to recognise leases with a term of twelve months or less as lease liabilities.

The impact of IFRS 16 on the statement of financial position at the transition date, 1 April 2019, is as follows:

	Pre-IFRS 16 £000	Transition £000	Post-IFRS 16 £000
Non-current assets	24,213	18,100	42,313
Current assets	34,560	(521)	34,039
Total assets	58,773	17,579	76,352
Current liabilities	(17,596)	(5,143)	(22,739)
Non-current liabilities	(378)	(14,175)	(14,553)
Total liabilities	(17,974)	(19,318)	(37,292)
Net assets	40,799	(1,739)	39,060
Total equity	40,799	(1,739)	39,060

The increase to non-current assets is reflected in right-of-use assets in Note 12.

The reduction to current assets relates to the reversal of prepayments relating to rental payments which are now reflected in the outstanding lease liability balance.

Total liabilities reflect the introduction of the lease liability balance plus the accrued interest on lease liabilities less accruals previously recorded in respect of outstanding rentals payments which are now reflected in the outstanding lease liability balance and deferred income relating to contributions from landlords which were previously recognised over the term of the lease.

1 SIGNIFICANT ACCOUNTING POLICIES continued

Initial application of IFRS 16 Leases continued

Impact of IFRS 16 Leases continued

The table below shows the adjustments required to the consolidated Group income statement to reflect the pre-IFRS 16 profit measure, excluding the £11,208,000 impairment of right-of-use assets recorded in the year:

	£000
Add back operating leases	7,449
IFRS 16 depreciation charge	(6,117)
	1,332
IFRS 16 interest charge	(758)
IFRS 16 profit before tax adjustment	574

There is no impact on cash flow overall. However, classifications within the consolidated cash flow statement will change to reflect the interest and capital elements of each lease payment.

Going concern

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities and cash requirements together with factors likely to affect its performance and financial position, including the current and future anticipated impact of COVID-19.

The key judgements in relation to the going concern assessment are in respect of the potential ongoing impact of COVID-19 on the Group. They include the timing of the Group's recovery to pre-COVID-19 trading levels and the likelihood and impact of further lockdowns, including their duration and the impact on consumer demand in the markets in which the Group operates.

When making these judgements, the Directors considered trading levels since the majority of the Group's stores have reopened and the outlook for the Group against their detailed base case scenario and further downside scenarios.

The Group had net cash of £6.9 million (FY 2019: £7.5 million) at 31 March 2020 and had not drawn down on its banking facility.

Borrowing facilities

The Group has £3.5 million of banking facilities, which on 23 October 2020 were extended until 31 October 2021. These facilities comprise a £2.0 million overdraft and £1.5 million working capital facility. There are no financial covenants associated with these facilities, which are reviewed annually. Whilst the facilities are repayable on demand the Directors believe that these facilities will be available to the Group through to 31 October 2021 and will be renewed in due course.

The banking facilities were not drawn down at the period end and remain undrawn at the date of this report. The Group had net cash of £4.8 million at 26 October 2020, being the date the Group announced its preliminary results.

Mitigating actions taken post year end

The Group reacted swiftly to manage the impact of COVID-19 and continues to manage its capital and costs and maintain its liquidity position. The following actions have already been taken following the start of the new financial year and are modelled in the Directors' base case scenario:

- a significant reduction in discretionary costs, the freezing of pay and recruitment and temporary reductions in pay for PLC Directors;
- the restructuring of the store estate, which resulted in a reduction in the number of stores operated and a substantial reduction in the ongoing rental payments;
- the closure of a number of concessions after the year end;
- a reduction in the amount inventory purchased in line with anticipated demand;
- the cancellation of all non-essential capital expenditure; and
- accessing relevant Government support programmes, such as business rates relief and the Coronavirus Job Retention Scheme in the UK and similar schemes in the Republic of Ireland.

Further actions, including further cost savings and working capital benefits, are available to the Directors to mitigate the impact of the trading environment.

1 SIGNIFICANT ACCOUNTING POLICIES continued

Going concern continued

Forecast scenarios

The Directors' base case scenario assumes that revenues do not recover to levels recorded in the year to 31 March 2020 in the short term. The impact of COVID-19 on the wider economy (particularly the UK) is expected to have a significant impact on demand both in stores and concessions, and online. Under this scenario, which assumes the recently renewed banking facilities remain available to the Group, the borrowing levels remain within the facilities available to the Group over the twelve-month going concern period.

In addition to the above, the Directors have considered a downside scenario where sales are further impacted by COVID-19 related disruption. Under this scenario, which assumes the recently renewed banking facilities remain available to the Group, the borrowing levels remain within the facilities available to the Group over the twelve-month going concern period.

In preparing the above scenarios there remains the uncontrollable factor with regards the extent of the measures the UK Governments will take to control the spread of COVID-19. These measures have the potential to materially impact on the operation of non-essential retail and on demand for fashionwear such that the Group may not be able to operate within its existing facilities. The Directors believe that, in the absence of further funding, this creates a material uncertainty which casts significant doubt on the Group's ability to continue as a Going Concern.

Further actions could be undertaken to mitigate against any shortfalls arising from these scenarios. These include reducing operating costs and capital expenditure, ceasing or suspending loss-making activities and optimising working capital.

Going concern basis

Based on the assessment outlined above, the Directors have a reasonable expectation that the Company and Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future, being a period of at least twelve months from the date when these financial statements are authorised to be issued. For these reasons, the Directors consider it appropriate for the Company and Group to continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements. Accordingly, the financial statements of the Company and Group have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRS"), IFRS IC interpretations and the Companies (Jersey) Law 1991.

Intangible assets

Goodwill

The goodwill arose when Shoar (Holdings) Limited acquired the entire share capital of Tarak Retail Limited in 2012 and reflects the difference between the fair value of the consideration transferred and the fair value of assets and liabilities purchased. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Other intangible assets

Intangible assets purchased are recognised when future economic benefits are probable and are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Computer software	between 7 and 10 years
Trademarks	10 years

Amortisation is revised prospectively for any significant change in useful life or residual value. On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

All amortisation has been charged to administrative expenses in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Leasehold property	straight line over the life of the lease
Computer equipment	between 5 and 15 years
Fixtures, fittings and equipment	between 5 and 15 years
Motor vehicles	between 4 and 5 years

All depreciation has been charged to administrative expenses in the statement of comprehensive income.

1 SIGNIFICANT ACCOUNTING POLICIES continued

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Management performs an impairment review for each cash generating unit ("CGU") that has indicators of impairment. When a review for impairment is conducted, the recoverable amount of an asset or CGU is determined based on value-in-use calculations using the Board approved budget and future outlook and is discounted using the weighted average cost of capital. Forecasts beyond the period of the approved budget are based on management's assumptions and estimates. The value-in-use calculation for store CGUs are based on the remaining lease length of each store.

Future events could cause the forecasts and assumptions used in impairment reviews to change with a consequential adverse impact on the results and net position of the Group as actual cash flows may differ from forecasts and could result in further material impairments in future years.

The Directors consider an individual retail store to be a CGU, and in the current year have performed an impairment review for each CGU. The discount rate used in the value-in-use calculation is the Group's weighted average cost of capital of 10.0% (2019: 10.0%).

The carrying value and impairment charge recognised for the period is shown in Notes 4, 11 and 12. For the year ended 31 March 2020, an impairment charge of £18.6 million has been recognised in light of the significantly reduced profitability of the Group for the period, the subsequent administration of Kast Retail Limited which operated the Group's standalone stores and lower forecasts compared to those used in the prior period impairment review (2019: £Nil).

Given the substantial impairments recorded, a sensitivity analysis of the impairment review has not been presented at 31 March 2020, as the Directors do not consider any reasonable possible change would have led to a material change in the impairment charge.

Stores have a remaining property, plant and equipment and right-of-use asset balance of £2.8 million at 31 March 2020.

Revenue recognition

Revenue is recognised at fair value of the consideration received or receivable for the sale net of staff discounts and value added tax.

Retail revenue is recognised when a Group entity sells a product to a customer. Wholesale revenue is recognised when title has passed in accordance with the individual terms of trade. For retail and wholesale revenue, the primary performance obligation is the transfer of goods to the customer. For retail revenue, this is considered to occur when control of the goods passes to the customer. For store and concession retail revenue, control transfers when the customer takes possession of the goods in store or concession and pays for the goods. For online retail revenue, control is considered to transfer when the goods are dispatched for delivery to the customer. The timing of transfer of control of the goods in wholesale transactions depends upon the terms of trade in the contract. Principally for wholesale revenue, revenue is recognised either when goods are dispatched from the Group's distribution centres, or when the Group has delivered the goods to the location specified in the contract.

Sales of gift vouchers are treated as future liabilities, and revenue is recognised when the gift vouchers are redeemed against a later transaction.

Returns

Cash refunds are available to customers returning unwanted products with proof of purchase within 14 days of the date of purchase in store for 28 days from the date of receipt for online sales.

Present obligations for the actual and estimated customer returns are recognised and measured as provisions when it is probable that the Group will be required to settle the obligation under sales contracts. Returns provisions in existence at the balance sheet date are expected to be utilised within twelve months; the provision is recalculated at each balance sheet date taking into account recent sales and anticipated levels of returns.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years or never taxable or deductible. Current tax assets and liabilities are measured using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the historical financial information. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

1 SIGNIFICANT ACCOUNTING POLICIES continued

Taxation continued

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to set off current tax assets against current tax liabilities and it is the intention to settle these on a net basis.

Current and deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction for the event it relates to and is also charged or credited to other comprehensive income or equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. At each reporting date, the impairment of stock is assessed. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss.

Finance income and finance costs

Finance income and finance costs include interest income and expense. Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Employee benefits

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

Retirement benefits

The subsidiaries operate defined contribution pension schemes. For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments.

Foreign currency transactions

Functional and presentation currency

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). For the consolidated financial statements, the results and financial position of each subsidiary are expressed in Pounds Sterling, which is the functional currency of the Company and the presentation currency for the consolidated statements.

Transactions and balances

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in opening currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Provisions

Provisions are recognised when there is an obligation at the reporting date arising from a past event from which it is considered probable that a transfer of economic benefits will occur and that obligation can be reasonably estimated.

Provisions are measured at the best estimate of the amounts required to settle the obligation. When the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risk specific to the liability. The unwinding of the discount is recognised within finance costs.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, being the Board of Directors. The chief operating decision maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the subsidiaries.

The Directors have therefore determined that there is only one reportable segment under IFRS 8. The results and assets for this segment can be determined by reference to the statement of comprehensive income and statement of financial position.

1 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments

Recognition of financial instruments

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial and subsequent measurement of financial assets

Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Trade receivables

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the ageing of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables. Different provision rates are used based on groupings of historical credit loss experience by product type, customer type and location. Trade receivables are considered to be in default on an individual basis, based on various indicators, such as significant financial difficulty or expected bankruptcy.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

Trade, Group and other payables are initially measured at fair value, net of direct transaction costs, and subsequently measured at amortised cost.

Bank borrowings and bank overdrafts

Interest-bearing bank loans and bank overdrafts are initially measured at fair value, net of direct transaction costs, and are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the loan using an effective rate of interest.

Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ("written off"). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures. The Directors do not follow hedge accounting principles. Derivative financial instruments are recorded at fair value at the end of each reporting year with gains and losses recorded in the statement of comprehensive income.

1 SIGNIFICANT ACCOUNTING POLICIES continued

Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

If employees surrender their rights to previously granted equity instruments, the fair value of the equity-settled share-based payment not previously expensed in the statement of comprehensive income is expensed.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years where the revision affects both current and future years.

Information about such estimations and judgements are contained in individual accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impact of COVID-19

The COVID-19 global pandemic has created significant uncertainty across the Group's markets, and in March 2020, all of the Group's retail stores, and those of our concession partners, closed to protect our employees and customers, in accordance with various national government requirements. The online channel continued to trade during this period, albeit at a level of sales significantly below that generated from retail stores. Whilst stores and concessions reopened in the summer, demand remained below previous levels and there have been further enforced temporary closures.

At 31 March 2020, the impact of COVID-19 could not have been reasonably foreseen as the circumstances and impact were unprecedented and uncertain. Further details of the impact of COVID-19 on going concern can be found in Note 1 going concern above.

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Reference is made to the accounting policy above in relation to the Impairment of property, plant and equipment, right-of-use assets and intangible assets which outlines estimates and assumptions in respect of these assets that have a significant risk of causing a material adjustment to the carrying amounts of these assets within the next financial year.

1 SIGNIFICANT ACCOUNTING POLICIES continued

Critical accounting estimates and judgements continued

Impairment of goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Goodwill recorded in the Group financial statements relates to goodwill arising on the previous acquisition by Shoar (Holdings) Limited of Tarak Retail Limited, which operates the Group's concessions in the United Kingdom.

The discount rate used in the value-in-use calculation is the Group's weighted average cost of capital of 10.0% (2019: 10.0%).

Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. As outlined in Note 4, in the year ended 31 March 2020, the Group recognised an impairment loss of £5,230,000 on goodwill.

Depreciation and amortisation

The Directors exercise judgement to determine useful lives and residual values of tangible and intangible assets. The assets are depreciated or amortised over their estimated useful lives.

Inventory provision

Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding future selling prices and is consequently a source of estimation uncertainty.

In the current year, management performed an assessment of all inventory, taking into consideration current sales and forecast sell through plans to consider the impact on the period-end stock holding. The provision for aged inventory is calculated by providing for 50% of inventory that is more than three seasons old and providing for 100% of inventory that is more than three years old. Given the disruption to trade created by COVID-19 the Group has provided up to 25% of the remaining inventory in the current year. Given this approach the provision for aged inventory totalled £4,305,000 at 31 March 2020 (2019: £201,000).

Returns provision

The accounting estimate related to the return of stocks sold online is susceptible to changes from period to period. The value of expected returns of £0.8 million (2019: £0.3 million) is estimated using recent past experience and a review of returns received post year end. Any variation from this estimate would result in either an increase or a reduction to the carrying value of stocks and an increase or decrease in gross margins.

Non-recurring items

Non-recurring items are separately reported as the Directors believe that this helps provide a better indication of the underlying performance of the Group. Judgement is required in determining whether an item should be classified as non-recurring or included within underlying results. This assessment covers the nature, the materiality and the recurrence of the item on reported performance. Reversals of previous non-recurring items are assessed based on the same criteria. Further detail is provided below in Note 4.

2 NEW ACCOUNTING PRONOUNCEMENTS

There are several standards and interpretations issued by the IASB that are effective for financial statements after this reporting period. Of these new standards, amendments and interpretations, there are none which are expected to have a material impact on the Group's consolidated financial statements.

3 REVENUE

An analysis of revenue by source and geographical destination is as follows:

	2020 £000	2019 £000
Online	**37,485**	41,018
International	**21,789**	22,978
UK Stores and concessions	**58,746**	66,902
	118,020	130,898

	2020 £000	2019 £000
United Kingdom	**95,288**	105,486
Rest of the world	**22,732**	25,412
	118,020	130,898

Deducted from Online revenue generated for the year is an estimated returns liability of £768,000 (2019: £280,000).

As at 31 March 2020 non-current assets in the United Kingdom were £17,097,000 (2019: £22,486,000) with £226,000 (2019: £1,727,000) located in the rest of the world.

4 NON-RECURRING ADMINISTRATIVE COSTS

Non-recurring administrative costs comprise:

	2020 £000	2019 £000
Impairment of right-of-use assets	**11,208**	–
Impairment of property, plant and equipment	**7,350**	–
Write-down of inventory	**2,165**	–
Impairment of goodwill	**5,230**	–
Write-off of debt	**384**	369
	26,337	369

Impairment of right-of-use assets

The £11,208,000 charge in relation to the impairment of right-of-use assets includes a £1,881,000 charge recognised in the period ended 30 September 2019 and a further £9,327,000 charge in the period ended 31 March 2020 in relation to Kast Retail Limited. The impairment charges arose due to a decline in footfall in stores leading to a number of them becoming unprofitable during the year. In addition, the administration on 10 June 2020 resulted in all the leases associated with standalone stores being terminated indicating that at the year end the value of those leases was impaired.

Management has assessed whether impaired and unprofitable stores require an impairment charge with regard to their right-of-use assets. This is recognised when the Group believes that the unavoidable costs of meeting or exiting the lease obligations exceed the benefits expected to be received under the lease.

The recoverable amount is based on the value in use. Value in use is calculated from expected future cash flows using suitable discount rates being 10% (2019: 10%) and includes management assumptions and estimates of future performance. Store asset carrying values are considered net of the carrying value of any cash contribution received in relation to that store. The cash flows are modelled for each store through to the lease expiry date. No lease extensions have been assumed in the modelling.

4 NON-RECURRING ADMINISTRATIVE COSTS continued

Impairment of right-of-use assets continued

Management assessed the value in each CGU at 30 September 2019 and based on the factors set out above, the Group at that date recognised an impairment charge of £1,881,000.

Management assessed the value in use of each CGU at 31 March 2020 on a similar basis as above with reference to the new lease arrangements entered into during the administration. Further to this the Group recognised an additional impairment charge of £9,327,000.

Impairment of property, plant and equipment

Retail store assets (as with other financial and non-financial assets) are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Given the circumstances outlined above there was a requirement for an impairment charge in the current year.

The calculation of the net present value of future cash flows is based on the same assumptions for growth rates and expected changes to future cash flows as set out above, discounted at the appropriate risk adjusted rate.

The £7,350,000 charge in relation to the impairment of property, plant and equipment includes a £5,126,000 charge recognised at 30 September 2019 and a further £2,224,000 charge recognised at 31 March 2020.

Write-down of inventory

The £2,165,000 charge in relation to the write-down of inventory includes a £500,000 charge recognised at 30 September 2019 and a further £1,615,000 charge recognised at 31 March 2020.

Further to the COVID-19 outbreak there has been a substantial reduction in demand. Stores were closed for a prolonged period initially in response to Government guidance and then further to the appointment of the joint administrators. Whilst a number of stores have now reopened, a significant amount of the stock acquired prior to March 2020 remains unsold. Given the circumstances this stock has been written down to its estimated realisable value.

Impairment of goodwill

At 31 March 2019, the Group recorded goodwill of £6,175,000 relating to the difference between the fair value of the consideration transferred and the fair value of assets and liabilities purchased which arose when Shoar (Holdings) Limited acquired the entire share capital of Tarak Retail Limited in 2012.

The value in use associated with Tarak Retail Limited is assessed for impairment by comparing the carrying value to value-in-use calculations. Value in use has been estimated using cash flow projections based on detailed budgets and forecasts over the period of three years, with a decline rate of 4% (2019: decline rate of 4%) and a discount rate of 10% (2019: 10%) applied, being the Directors' estimate of the cost of capital applicable to the business, with no terminal value. The budgets and forecasts are based on historical data and the past experience of the Directors as well as the future plans of the business.

Further to this assessment given the losses projected for the year ended 31 March 2021 and the uncertainty as to future performance the Directors consider that the goodwill was impaired by £5,230,000 (2019: £Nil).

Write-off of debt

The non-recurring costs of £384,000 related to the write-off of debt arising from a customer entering into an administration process (2019: £369,000).

5 EMPLOYEE BENEFIT EXPENSES

Employment costs and average monthly number of employees (including Directors) during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	**20,148**	18,786
Social security costs	**1,478**	1,360
Other pension costs	**338**	254
Agency costs	**3,211**	3,887
Share-based payment charges	**31**	84
	25,206	24,371

	No.	No.
Retail	**1,456**	1,422
Distribution	**66**	45
Administration	**214**	188
	1,736	1,655

Included above is £675,000 in respect of Directors' remuneration (2019: £693,000). Further details on Directors' remuneration can be found in the Directors' Remuneration Report on pages 31 to 33.

6 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	2020 £000	2019 £000
Cost of inventories recognised as an expense	**46,892**	51,498
Distribution costs	**18,810**	24,066
Employment costs	**25,206**	24,371
Depreciation	**10,028**	3,767
Amortisation	**467**	245
Short-term lease payments	**542**	–
Operating lease payments	**–**	6,982
Non-recurring impairment of property, plant and equipment	**7,350**	–
Non-recurring impairment of right-of-use assets	**11,208**	–
Non-recurring write-down of inventory	**2,165**	–
Non-recurring impairment of goodwill	**5,230**	–
Non-recurring write-off of debt	**384**	369
Other expenses	**18,400**	19,389
	146,682	130,687

Included in the above are the costs associated with the following services provided by the Company's auditors:

	2020 £000	2019 £000
Audit services		
Audit of the Company and the consolidated financial statements	**11**	11
Audit of the Company's subsidiaries	**62**	59
Total audit fees	**73**	70
Fees relating to accounts preparation services	**–**	5
Fees relating to financial reporting advisory services	**–**	4
All other services	**5**	18
Total fees payable to the Company's auditors	**78**	97

7 FINANCE INCOME AND EXPENSE

	2020 £000	2019 £000
Interest on cash deposits	**28**	36
Finance income	**28**	36

	2020 £000	2019 £000
Interest on lease liabilities	**758**	–
Interest on loans and overdrafts	**13**	18
Other interest	**40**	13
Finance expense	**811**	31

8 INCOME TAX

	2020 £000	2019 £000
UK corporation tax – current year	**70**	219
UK corporation tax – prior year	**(95)**	(91)
Foreign tax	**(23)**	29
Deferred tax – current year	**(374)**	(141)
Deferred tax – effect of adjustment in tax rate	**(53)**	–
Deferred tax – prior year	**57**	88
Tax on (loss)/profit on ordinary activities	**(418)**	104
Reconciliation of effective tax rate		
(Loss)/profit on ordinary activities before taxation	**(29,445)**	216
(Loss)/profit on ordinary activities multiplied by standard rate of UK corporation tax of 19%	**(5,595)**	41
Expenses not deductible for tax purposes	**1,135**	68
Non-recognition of potential of deferred tax asset	**3,940**	–
Effect of adjustment in tax rate	**53**	14
Adjustments to previous years	**(38)**	(3)
Foreign tax adjustments	**87**	(16)
	(418)	104

9 EARNINGS PER SHARE

Number of shares:	2020 No.	2019 No.
Weighted number of ordinary shares outstanding	**124,230,905**	124,230,905
Effect of dilutive options	**132,357**	39,002
Weighted number of ordinary shares outstanding – diluted	**124,363,262**	124,269,907

Earnings:	£000	£000
(Loss)/profit basic and diluted	**(29,027)**	112
(Loss)/profit adjusted	**(3,265)**	412

Earnings per share:	Pence	Pence
Basic (loss)/earnings per share	**(23.37)**	0.09
Adjusted basic (loss)/earnings per share	**(2.63)**	0.33
Diluted (loss)/earnings per share	**(23.34)**	0.09
Adjusted diluted (loss)/earnings per share	**(2.63)**	0.33

9 EARNINGS PER SHARE continued

The adjusted loss after tax in the current year is shown before the impact of the exceptional administrative costs of £26,336,000 (net of tax) and the impact of the implementation of IFRS 16 of £574,000 (net of tax).

The adjusted profit after tax for the previous year is shown before the provision made for doubtful debts of £300k (net of tax) further to House of Fraser entering into Administration.

The Directors believe that the adjusted profit after tax and the adjusted earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The adjusted profit after tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

10 DIVIDENDS

	2020 £000	2019 £000
Dividends paid	**—**	1,491

In September 2018, a dividend of 0.8 pence per share was paid by the Group, amounting to a dividend paid of £994,000. In March 2019, an interim dividend of 0.4 pence per share was paid by the Group, amounting to a dividend paid of £497,000. No dividends in respect of 2020 are proposed.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold property £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2019	1,500	162	1,888	22,529	26,079
Additions	167	14	196	2,171	2,548
Disposals	(40)	(30)	(53)	(619)	(742)
At 31 March 2020	**1,627**	**146**	**2,031**	**24,081**	**27,885**
Depreciation and impairment					
At 1 April 2019	696	100	657	8,643	10,096
Charge	271	31	307	3,302	3,911
Impairment	430	—	150	6,770	7,350
Disposals	(40)	(30)	(53)	(619)	(742)
At 31 March 2020	**1,357**	**101**	**1,061**	**18,096**	**20,615**
Net book value					
At 31 March 2020	**270**	**45**	**970**	**5,985**	**7,270**
At 31 March 2019	804	62	1,231	13,886	15,983

11 PROPERTY, PLANT AND EQUIPMENT continued

	Leasehold property £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2018	1,378	120	1,674	21,633	24,805
Additions	162	42	493	4,260	4,957
Disposals	(40)	—	(279)	(3,364)	(3,683)
At 31 March 2019	1,500	162	1,888	22,529	26,079
Depreciation					
At 1 April 2018	505	68	648	8,791	10,012
Charge	231	32	288	3,216	3,767
Disposals	(40)	—	(279)	(3,364)	(3,683)
At 31 March 2019	696	100	657	8,643	10,096
Net book value					
At 31 March 2019	804	62	1,231	13,886	15,983
At 31 March 2018	873	52	1,026	12,842	14,793

12 RIGHT-OF-USE ASSET AND LEASE LIABILITIES

	Property £000
Cost	
Recognised on adoption of IFRS 16	32,461
Additions	2,217
Disposals	(2,460)
At 31 March 2020	**32,218**
Depreciation and impairment	
Recognised on adoption of IFRS 16	14,361
Charge	6,117
Impairment	11,208
Disposals	(2,460)
At 31 March 2020	**29,226**
Net book value	
At 31 March 2020	**2,992**

The Group presents lease liabilities separately within the statement of financial position. The movement in the year comprised:

	£000
Cost	
Recognised on adoption of IFRS 16	20,860
Additions	2,217
Interest expense related to lease liabilities	758
Repayment of lease liabilities (including interest)	(7,497)
At 31 March 2020	**16,338**
Current lease liabilities	**6,388**
Non-current lease liabilities	**9,950**

13 INTANGIBLES

	Goodwill £000	Computer software £000	Trademarks £000	Total £000
Cost				
At 1 April 2019	6,175	2,557	165	8,897
Additions	—	1,528	—	1,528
At 31 March 2020	**6,175**	**4,085**	**165**	**10,425**
Amortisation				
At 1 April 2019	—	639	28	667
Charge	—	451	16	467
Impairment	5,230	—	—	5,230
At 31 March 2020	**5,230**	**1,090**	**44**	**6,364**
Net book value				
At 31 March 2020	**945**	**2,995**	**121**	**4,061**
At 31 March 2019	6,175	1,918	137	8,230

	Goodwill £000	Computer software £000	Trademarks £000	Total £000
Cost				
At 1 April 2018	6,175	1,371	165	7,711
Additions	—	1,186	—	1,186
At 31 March 2019	6,175	2,557	165	8,897
Amortisation				
At 1 April 2018	—	410	12	422
Charge	—	229	16	245
At 31 March 2019	—	639	28	667
Net book value				
At 31 March 2019	6,175	1,918	137	8,230
At 31 March 2018	6,175	961	153	7,289

The goodwill arose when Shoar (Holdings) Limited acquired the entire share capital of Tarak Retail Limited in 2012 and reflects the difference between the fair value of the consideration transferred and the fair value of assets and liabilities purchased. Goodwill is assessed for impairment by comparing the carrying value to value-in-use calculations as set out in Note 4.

14 INVENTORIES

	2020 £000	2019 £000
Finished goods and goods for resale	**9,693**	14,453

The cost of inventories recognised as an expense during the year in respect of continuing operations amounted to £46,892,000 (2019: £51,498,000). The cost of inventories recognised as an expense includes £1,939,000 (2019: £139,000) in respect of write-downs of inventory to net realisable value. In addition, £2,165,000 of the non-recurring costs incurred in the year related to the write-down of inventories to net realisable value (2019: £Nil). Inventories are stated after provisions for impairment of £4,305,000 (2019: £201,000).

15 TRADE AND OTHER RECEIVABLES

	2020 £000	2019 £000
Trade receivables – gross	**3,079**	7,366
Less allowance for expected credit losses (calculated under IFRS 9)	**(320)**	(506)
Trade receivables – net	**2,759**	6,860
Other receivables	**1,539**	1,884
Prepayments and accrued income	**2,810**	3,806
Amounts owed by related parties	**2**	2
	7,110	12,552

The Directors consider that the fair value of trade and other receivables is not materially different from the carrying value. Standard payment terms with customers are 28–30 days.

16 TRADE AND OTHER PAYABLES

	2020 £000	2019 £000
Trade payables	**6,852**	9,580
Other taxes and social security costs	**1,354**	2,263
Accruals	**2,301**	3,983
Deferred income	**—**	586
Other payables	**852**	561
Amounts due to related parties	**8**	126
	11,367	17,099

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the fair value of trade and other payables is not materially different from the carrying value.

Included within other payables at the year-end date was a balance of £63,000 (2019: £40,000) owed to the Group's pension scheme.

17 LOANS AND BORROWINGS

	2020 £000	2019 £000
Bank loans	**—**	40
Bank overdrafts	**—**	—
	—	40
Current	**—**	40
Non-current	**—**	—
	—	40

The Group's overdraft and other credit facilities are secured by an unlimited multilateral and cross-company guarantee given by Kast Retail Limited and Tarak International Limited and also by a limited guarantee given by, and by a floating charge over the assets of, Kast Retail Limited and Tarak International Limited. The bank also holds a right of set-offs between Kast Retail Limited and Tarak International Limited. All entities included in the guarantee are wholly owned subsidiaries in the Group. In addition, the Company has provided a parent company guarantee with respect to the facilities.

In addition, credit facilities are secured by a bond and floating charge from Tarak Retail Limited over the whole of its property and undertakings.

The bank overdraft and other credit facilities are annual facilities and are repayable on demand. These facilities were renewed after the year end and are next subject to review in October 2021.

Borrowings are denominated and repaid in Pounds Sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

18 DERIVATIVE FINANCIAL INSTRUMENTS

	2020 £000	2019 £000
Foreign currency options	**36**	5

Forward foreign exchange contracts are used to hedge exposure to fluctuations in foreign exchange rates that arise in the normal course of the Group's business.

As at 31 March 2020, the Group had commitments to buy the equivalent of £3,200,000 of Chinese Renminbi (2019: £4,800,000) and sell the equivalent of £854,000 of Euros (2019: £3,369,000) and £324,000 of US Dollars (2019: £Nil).

19 DEFERRED TAX

The following is an analysis of the deferred tax liabilities, net of deferred tax assets:

	2020 £000	2019 £000
Accelerated capital allowances		
Balance brought forward	**378**	464
Credit to income statement	**(370)**	(88)
Effect of foreign exchange rates	**(1)**	2
Balance at end of year	**7**	378
Other short-term timing differences		
Balance brought forward	**—**	(52)
Charge to equity	**—**	17
Charge to income statement	**—**	35
Balance at end of year	**—**	—
Total deferred tax liability at end of year	**7**	378

At 31 March 2020 there was an unprovided deferred tax asset in relation to tax losses incurred of £3,944,000 (2019: £Nil). Given these tax losses were predominately incurred by a subsidiary which entered into Administration post year end it is not considered appropriate to recognise this deferred tax asset.

20 FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and liabilities. All financial liabilities are measured at amortised cost. The derivative liability, which is measured at fair value, is level 2 in the fair value hierarchy as disclosed in Note 18.

	2020 £000	2019 £000
Category of financial instruments		
Carrying value of financial assets:		
Cash and cash equivalents	**6,897**	7,555
Trade and other receivables	**4,300**	8,746
Total financial assets	**11,197**	16,301
Carrying value of financial liabilities:		
Trade and other payables	**(10,013)**	(14,250)
Bank and other borrowings	**—**	(40)
Lease liabilities	**(16,338)**	—
Total financial liabilities	**(26,351)**	(14,290)

The fair value and carrying value of financial instruments have been assessed and there is deemed to be no material differences between fair value and carrying value.

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated P-1 and A-1, based on Moody's ratings.

21 SHARE CAPITAL AND RESERVES

	2020 £000	2019 £000
Share capital – allotted, called up and fully paid		
124,230,905 ordinary shares of 0.3 pence each (2019: 124,230,905)	**373**	373
Share premium	**10,315**	10,315

The price of the options granted during the year reflected the closing mid-market price of an ordinary share on the dealing day immediately preceding the date of grant.

None of the above CSOP options were exercisable at 31 March 2020. The warrants were exercisable at 31 March 2020.

Share capital

The issued share capital at 31 March 2020 comprised 124,230,905 ordinary shares of 0.3 pence each with a nominal value of £372,693.

Share premium

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the Company. On 28 July 2017, 6,583,851 ordinary shares of 0.3 pence each with a nominal value of £19,752 were issued at a price of 161 pence per share giving rise to share premium of £10,315,248 (net of expenses).

Merger reserve

The merger reserve arose on the purchase of the subsidiaries, Kast Retail Limited, Tarak International Limited and Shoar (Holdings) Limited. The merger reserve represents the difference between the cost value of the shares acquired less the cost value of the shares issued for the purchase of each company and the stamp duty payable in respect of these transactions.

Retained earnings

The movement on retained earnings is as set out in the statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

22 SHARE-BASED PAYMENTS

The movement in awards during the year was:

	Opening balance	Granted during the year	Lapsed during the year	Surrendered during the year	Closing balance	Exercise price	Exercise period
Date of grant	Number of shares					Pence	
CSOP							
28/07/17	543,883	—	(37,266)	(506,617)	—	161.00	—
29/06/18	37,447	—	—	(37,447)	—	188.25	—
31/07/19	—	1,760,971	(35,200)	—	1,725,771	15.75	31/07/22–31/07/29
ESOP							
28/07/17	323,601	—	(21,739)	(301,862)	—	161.00	—
29/06/18	112,777	—	(9,694)	(103,083)	—	188.25	—
Warrants	186,335	—	—	—	186,335	80.5	See overleaf
	1,204,043	1,760,971	(103,899)	(949,009)	1,912,106		

None of the above options were exercisable at 31 March 2020 other than the warrants, which is consistent with 31 March 2019. The weighted average life of the CSOP options was 9.6 years (2019: 8.4 years).

All share options were valued using the Black-Scholes model. Expected volatility was determined by management, using comparator volatility as a basis. The expected life of the options was determined based on management's best estimate. The expected dividend yield was based on the anticipated dividend policy of the Company over the expected life of the options. The risk-free rate of return input into the model was a zero-coupon Government bond with a life in line with the expected life of the options.

22 SHARE-BASED PAYMENTS continued

The inputs to the model were as follows:

Option plan	CSOP	Warrant
Grant date	31/07/19	28/07/17
Share price at grant date	15.75	80.50
Number of employees	87	1
Shares under option	1,725,771	186,335
Vesting period (years)	3	–
Expected volatility	88.5%	31.4%
Risk-free rate	0.5%	0.5%
Expected life (years)	4	2
Expectations of meeting performance criteria	100%	100%
Expected dividend yield	2.0%	2.0%

The Group recognised a total expense of £31,000 during the year (2019: £84,000) relating to equity-settled share-based payments, including employer's National Insurance contributions of £4,000 (2019: £13,000).

Company Share Option Plan ("CSOP")

The Group operated a share option scheme during the year for certain employees under the CSOP, which allows tax advantaged options to be granted over the Company's shares to selected employees of the Group. New options are granted at a price consistent with the mid-market price of an ordinary share on the dealing day immediately preceding the date of grant. The different options vest after three years and have an exercise life between three and ten years from grant date. The exercise of the options is subject to continued employment over the vesting year.

Executive Share Option Plan ("ESOP")

The Group operated a share option scheme during the year for certain employees under the ESOP, which allows non-tax advantaged options to be granted over the Company's shares to selected employees of the Group. All of these options were surrendered during the year.

Warrants

The Company entered into a Warrant Instrument with its Chairman, Peter Cowgill, dated 18 July 2017, pursuant to which Peter Cowgill may subscribe for up to 186,335 ordinary shares exercisable in whole or in part at a subscription price equal to 80.5 pence. The warrants are exercisable until the earlier of (i) their full exercise, (ii) Peter Cowgill ceasing to be a Director, or (iii) a takeover of the Company. At the year end, no Warrant Instruments had yet been exercised.

23 CASH AND CASH EQUIVALENTS

	2020 £000	2019 £000
Cash	**6,897**	7,555

24 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2019 £000	Impact of IFRS 16 £000	Cash flow £000	Non-cash changes £000	**2020 £000**
Cash at bank and in hand	7,555	–	(632)	(26)	**6,897**
Net cash per statement of cash flows	7,555	–	(632)	(26)	**6,897**
Borrowings	(40)	–	40	–	**–**
Net cash before lease liabilities	7,515	–	(592)	(26)	**6,897**
Lease liabilities	–	(20,860)	6,739	(2,217)	**(16,338)**
Net debt after lease liabilities	7,515	(20,860)	6,147	(2,243)	**(9,441)**

Non-cash changes relate to the translation of foreign currency balances at the end of the period and lease acquisitions, disposals and modifications.

25 FINANCIAL COMMITMENTS

Capital commitments

The Group has no capital commitments at 31 March 2020 (2019: £250,000) which were not provided for in the financial statements.

Operating leases

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable leases which fall due as follows:

	2020 £000	2019 £000
Within one year	**239**	7,780
From two to five years	**—**	15,249
In more than five years	**—**	219
	239	23,248

26 FINANCIAL RISK MANAGEMENT

The Group has exposure to credit, liquidity, market and capital management risk from its operations.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and connected companies.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. The risk associated with receivables is mitigated by obtaining Standby Letters of Credit relating to a number of outstanding balances.

The maximum exposure to credit risk for trade receivables by geographic region was as follows:

	2020 £000	2019 £000
United Kingdom	**1,809**	4,233
Rest of the world	**1,270**	3,133
	3,079	7,366

The ageing of trade receivables that were not impaired was as follows:

	Carrying amount 2020 £000	Allowance for expected credit losses £000
Not overdue	**1,455**	**62**
0 to 6 months overdue	**1,438**	**72**
3 to 6 months overdue	**—**	**—**
Over 6 months overdue	**186**	**186**
Closing balance	**3,079**	**320**

26 FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Trade and other receivables continued

The movement in the provision for impairment of receivables in the year was as follows:

	2020 £000	2019 £000
Opening provision	**506**	340
Release in the year	**(831)**	(350)
Provided for in the year	**645**	516
Closing provision	**320**	506

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Based on current cash flow projections, the Group expects to have sufficient headroom against its borrowing facilities. The basis of this assessment is outlined in Note 1.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted and include estimated interest repayments.

	Contractual cash flows			
	Total £000	2 months or less £000	2–12 months £000	More than 1 year £000
31 March 2020				
Trade payables	**6,852**	**6,852**	**–**	**–**
Accruals and other payables	**3,153**	**3,153**	**–**	**–**
Lease liabilities	**16,338**	**1,166**	**5,222**	**9,950**
	26,343	**11,171**	**5,222**	**9,950**
31 March 2019				
Trade payables	9,580	9,580	–	–
Accruals and other payables	4,544	4,544	–	–
Loans and borrowings	40	16	24	–
	14,164	14,140	24	–

Interest rate risk

The loans and borrowings are sensitive to changes in interest rates. A 50-basis point change in the base rate would have an impact of £3,000 on the loss for the year ended 31 March 2020 (2019: £5,000). A 50-basis point change in the Group's incremental borrowing rate would have a £210,000 impact on the lease liabilities balance at 31 March 2020.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of foreign currency risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

The Group is exposed to currency risk to the extent that there is a fluctuation in the foreign exchange rate between the date of the transaction and the date when amounts are paid. The functional currency of the Group is Sterling, but it receives some revenues in Euros and makes some purchases in Chinese Renminbi. As at 31 March 2020, about 6% (2019: 8%) of the Group's trade receivables balances were denominated in Euros and 4% (2019: 10%) of the Group's trade payable balances were denominated in Chinese Renminbi.

26 FINANCIAL RISK MANAGEMENT continued

Market risk continued

The summary quantitative data about the Group's exposure to currency risk is as follows:

	Trade receivables £000	Trade payables £000	Net exposure £000
31 March 2020			
Euros	**128**	**321**	**193**
Chinese Renminbi	**—**	**416**	**416**
31 March 2019			
Euros	549	311	238
Chinese Renminbi	—	982	982

The following significant exchange rates have been applied during the year:

	Average rate 2020	**Year-end spot rate 2020**	Average rate 2019	Year-end spot rate 2019
Euros	**1.12**	**1.13**	1.13	1.16
Chinese Renminbi	**8.80**	**8.70**	8.80	8.70

Sensitivity to market risk

If the Euro exchange rate, on average through the year, weakened/strengthened by 10% and all other variables were held constant, the Group's loss for the year ended 31 March 2020 would decrease/increase by £508,000 and £416,000 respectively (2019: £632,000 and £517,000). This has been calculated by applying the amended currency rate to the value of Euro receipts during the year.

If the Chinese Renminbi exchange rate, on average through the year, weakened/strengthened by 10% and all other variables were held constant, the Group's loss for the year ended 31 March 2020 would decrease/increase by £95,000 and £78,000 respectively (2019: £455,000 and £556,000). This has been calculated by applying the amended currency rate to the value of Chinese Renminbi payments during the year.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the Group's statement of financial position, plus net debt. Net debt is calculated as total borrowings, excluding lease liabilities, less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain financial arrangement covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangement during the financial year.

The Directors believe that the Group is well placed to manage its business risks successfully and do not foresee any risks arising in the immediate future.

27 RELATED PARTY TRANSACTIONS

The Group considers its Executive and Non-Executive Directors as key management and therefore has a related party relationship with them.

Related party transactions with connected companies

Two Directors, Tarak Ramzan and his son Sheraz Ramzan, and their relatives control 43.4% of the voting shares of the Company.

The Group transacts with the companies in which Tarak and Sheraz Ramzan have an interest. The amounts of the transactions and balances due to and from the related parties during the year and at the year end are:

	Purchased from	
	2020 £000	2019 £000
Big Blue Concepts Limited	**168**	168
Tarak Manufacturing Limited	**177**	177

	Balance owed to		Balance due from	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Big Blue Concepts Limited	**—**	37	**—**	1
Tarak Manufacturing Limited	**8**	89	**2**	1

The charges from Big Blue Concepts Limited and Tarak Manufacturing Limited solely relate to the rental of the Group's distribution centre and head office respectively. These leases were entered into further to the Independent Non-Executive Directors of the Company having received independent legal advice and independent commercial real estate advice and being satisfied that they reflect arm's length legal and commercial terms.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. The Directors' Remuneration Report on pages 31 to 33 of this Annual Report provides further information regarding the remuneration of individual Directors.

	2020 £000	2019 £000
Short-term employment benefits	**625**	643
Post-employment benefits	**50**	50
Employer National Insurance contributions	**80**	81
Share-based payments	**3**	20
	758	794

28 POST BALANCE SHEET EVENTS

Administration of Kast Retail Limited

As part of the Group's plans to maintain its liquidity and to have a viable store portfolio going forward, on 10 June 2020, the Group undertook a restructure of its standalone retail store portfolio. As a result, Kast Retail Limited, which operated the Group's standalone stores in the United Kingdom and Ireland, was placed into administration. Further to this, the business and certain assets of Kast were acquired by a subsidiary of QUIZ plc, Zandra Retail Limited, for a cash consideration of £1.3 million.

Prior to this restructuring, the Group operated 75 stores in the United Kingdom, seven stores in the Republic of Ireland and three stores in Spain. It has now reopened 64 stores. The three stores in Spain will not reopen.

29 CONTINGENCIES

The Group's bank loans, overdrafts and other credit facilities were extended post year end and are scheduled to expire on 31 October 2021.

These facilities continue to be secured by an unlimited multilateral and cross-company guarantee given by Zandra Retail Limited, being the company which now operates the Group's standalone stores, and Tarak International Limited and also by a limited guarantee given by, and by a floating charge over the assets of, Zandra Retail Limited and Tarak International Limited. The bank also holds a right of set-offs between Kast Retail Limited and Tarak International Limited. All entities included in the guarantee are wholly owned subsidiaries in the Group.

In addition to the above, QUIZ plc has provided a Parent Company Guarantee with respect to the facilities.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2020

	Notes	**2020 £000**	2019 £000
Recurring administrative costs		**(985)**	(975)
Non-recurring administrative costs	2	**(113)**	–
Total administrative costs		**(1,098)**	(975)
Other operating income	3	**1,020**	1,008
Total operating (costs)/income		**(78)**	33
Operating (loss)/profit		**(78)**	33
Finance income		**28**	36
(Loss)/profit before income tax		**(50)**	69
Income tax (credit)/charge		**8**	(21)
(Loss)/profit and total comprehensive income for the year		**(42)**	48

There were no items of other comprehensive income in the current or prior years in the Company. Accordingly, no statement of other comprehensive income has been prepared.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 £000	2019 £000
Assets			
Non-current assets			
Investments	4	**539**	539
Total non-current assets		**539**	539
Current assets			
Trade and other receivables	5	**5,114**	6,053
Cash and cash equivalents		**7,685**	7,605
Total current assets		**12,799**	13,658
Total assets		**13,338**	14,197
Liabilities			
Current liabilities			
Trade and other payables	6	**(19)**	(828)
Corporation tax payable		**(6)**	(14)
Total current liabilities		**(25)**	(842)
Total liabilities		**(25)**	(842)
Net assets		**13,313**	13,355
Equity			
Called-up share capital	7	**373**	373
Share premium	7	**10,315**	10,315
Retained earnings	7	**2,625**	2,667
Total equity		**13,313**	13,355

These financial statements of QUIZ plc, registered number 123460, on pages 70 to 75 were approved by the Board of Directors and authorised for issue on 30 November 2020 and were signed on its behalf by:

TARAK RAMZAN CHIEF EXECUTIVE
GERARD SWEENEY CHIEF FINANCIAL OFFICER
30 November 2020

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
At 1 April 2018	373	10,315	4,110	14,798
Profit and total comprehensive income	—	—	48	48
Dividends	—	—	(1,491)	(1,491)
At 31 March 2019	**373**	**10,315**	**2,667**	**13,355**
Loss and total comprehensive income	**—**	**—**	**(42)**	**(42)**
At 31 March 2020	**373**	**10,315**	**2,625**	**13,313**

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

QUIZ plc (the "Company") is a public limited company, incorporated and domiciled in Jersey. It is listed on AIM. The registered office of the Company is 22 Grenville Street, St Helier, Jersey, Channel Islands JE4 8PX. The main activity of the Company is that of a holding company.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with the Companies (Jersey) Law 1991.

The financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Company operates. Monetary amounts in these financial statements are rounded to the nearest thousand.

The annual financial statements have been prepared on the historical cost basis. The principal accounting policies adopted by the Company are the same as those set out in Note 1 to the Group financial statements except as set out below.

Reduced disclosures

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the Group accounts of the parent, in accordance with FRS 101:

- presentation of a statement of cash flows and related notes;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- financial instrument disclosures, including:
  - carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments: income, expenses, gains and losses on financial instruments;
- disclosure of key management personnel compensation;
- related party disclosures for transactions with wholly owned members of the Group; and
- disclosure of the objectives, policies and processes for managing capital.

Other operating income

Other operating income is recognised when it is received or when the right to receive payment is established.

Investments

Fixed asset investments are stated at cost less accumulated impairment losses which are recognised in the income statement.

Going concern

Going concern for the Company has been considered along with the Group by the Directors. The consideration is set out in Note 1 of the consolidated financial statements.

Financial instruments

Recognition of financial instruments

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

Initial and subsequent measurement of financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months.

Amounts due from Group undertakings and other receivables

Amounts due from Group undertakings and other receivables are initially measured at fair value plus transaction costs.

1 SIGNIFICANT ACCOUNTING POLICIES continued

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Initial and subsequent measurement of financial liabilities

Trade payables and amounts due to Group undertakings

Trade, intercompany and other payables are initially measured at fair value, net of direct transaction costs, and subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset it is derecognised ("written off"). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

2 NON-RECURRING COSTS

Non-recurring costs incurred during the year were £113,000 (2019: £Nil). The costs relate to the write-off of management fees due from a subsidiary undertaking which entered administration post 31 March 2020.

3 OPERATING INCOME

The Company generated operating income of £1,020,000 (2019: £1,008,000) in relation to management services provided to other Group companies.

4 INVESTMENTS

	2020 £000	2019 £000
Subsidiary undertakings	**539**	539

All of the subsidiaries have been included in the consolidated financial statements. The subsidiaries held during the year are set out below:

Subsidiary	Principal activity	Country of incorporation	Registered office	% shares
Kast Retail Limited	Operating standalone clothing stores in the UK	UK	a	100
Kast International Spain SL	Operating standalone clothing stores in Spain	Spain	b	100
Kast Services Limited	Holds intellectual property for the QUIZ Group	UK	a	100
Shoar (Holdings) Limited	Holding company	UK	a	100
Tarak Retail Limited	Operating concessions in department stores in the UK	UK	a	100
Tarak International Limited	Online sales, concessions and franchise stores outside the UK	UK	a	100

The registered offices of the above subsidiaries are as follows:

a) 61 Hydepark Street, Glasgow, Strathclyde G3 8BW

b) Paseo Castellana, 141 5°, Edificio Cuzco, Madrid 28046

All shares held by the Company are ordinary equity shares.

On 10 June 2020, Kast Retail Limited was placed into Administration. Further to this its registered office is now C/O KPMG LLP, 319 St. Vincent Street, Glasgow G2 5AS.

5 TRADE AND OTHER RECEIVABLES

	2020 £000	2019 £000
Other receivables	**77**	127
Amounts owed by Group companies	**5,037**	5,926
	5,114	6,053

6 TRADE AND OTHER PAYABLES

	2020 £000	2019 £000
Trade payables	**11**	–
Other creditors	**8**	–
Amounts owed to Group companies	**–**	828
	19	828

7 SHARE CAPITAL AND RESERVES

	2020 £000	2019 £000
Share capital – allotted, called up and fully paid		
124,230,905 ordinary shares of 0.3 pence each (2019: 124,230,905)	**373**	373
Share premium	**10,315**	10,315

Share capital
The issued share capital at 31 March 2018 comprised 124,230,905 ordinary shares of 0.3 pence each with a nominal value of £372,693.

Share premium
The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the Company. The 6,583,851 ordinary shares of 0.3 pence each with a nominal value of £19,752 on 28 July 2017 were issued at a price of 161 pence per share giving rise to share premium of £10,315,248 (net of expenses).

Retained earnings
The movement on retained earnings is as set out in the statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

8 CONTINGENCIES
Bank facilities
The Group's bank loans, overdrafts and other credit facilities were extended post year end and are scheduled to expire on 31 October 2021.

These facilities continue to be secured by an unlimited multilateral and cross-company guarantee given by Zandra Retail Limited, being the company which now operates the Group's standalone stores, and Tarak International Limited and also by a limited guarantee given by, and by a floating charge over the assets of, Zandra Retail Limited and Tarak International Limited. The bank also holds a right of set-offs between Kast Retail Limited and Tarak International Limited. All entities included in the guarantee are wholly owned subsidiaries in the Group.

In addition to the above, QUIZ plc has provided a Parent Company Guarantee with respect to the facilities.

COMPANY INFORMATION

DIRECTORS
Peter Alan Cowgill
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QUIZ plc's commitment to environmental issues is reflected in this Annual Report which has been printed on Symbol Freelife Satin and Arcoprint which are made from an FSC® certified and PCF (Process Chlorine Free) material. Printed in the UK by Park Communications using its environmental printing technology and vegetable inks throughout. Both manufacturing mill and the printer are registered to the Environmental Management System ISO 14001 and are Forest Stewardship Council® (FSC) chain-of-custody certified.

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