Annual Report & Financial Statements

for the 52 weeks ended 2 October 2021

2021

Contents

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should contact an appropriate independent advisor authorised under the Finanical Services and Markets Act 2000 (as amended) immediately. If you have sold or otherwise transferred all of your shares in Shoe Zone plc you should forward this document to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

Directors and Advisers

Directors
A E P Smith
J C P Smith
T M Boot (Appointed 8th March 2021)
M J Collins
V J Norrish

Secretary
C A Bowen

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Chief Executive's Report

Shoe Zone had a very successful year due to the incredible hard work from our teams, reducing costs, reducing non-essential capital expenditure, accelerating investment in our digital business and improving and streamlining operations.

Revenues for the year were £119.1m (2020: £122.6m). Within this, stores were £88.6m (2020: £103.0m), due to trading from fewer stores and for 36 weeks, (2020: 41 weeks). Digital revenues were £30.5m (2020: £19.3m), an increase of 58%.

Profit before tax was £9.5m (2020: £(14.6)m), with an earnings per share of 14.03p (2020:(23.81)p).

We added debt to our business in 2020 through a £15m CLBILS COVID related loan and at the end of this year we had an outstanding balance of £4.4m, which has now been fully repaid as at 6 January 2022.

Our business model of digital, big box and hybrid stores has been refreshed to accelerate growth across all three formats due to favourable market conditions.

Digital

Digital continues to be a key growth area and has traded strongly over the last 12 months. Our decision to invest in infrastructure and people pre-pandemic enabled us to take advantage of the change in buying habits and to cope with the increase in volumes through our Digital shoehub platform.

Digital revenue was £30.5m, 25.6% of total revenues (2020: £19.3m, 15.7%) growth of 58% and a 2 year growth of 188%. Trading contribution was £8.5m, 27.9% of total contribution (2020: £4.6m, 23.8%). The increase in percentage contribution was due to a greater proportion of full price sales and as a result the gross margin achieved was 57.8% (2020: 51.7%).

The email database grew to 1.06m (2020:1.02m) of engaged members with the conversion rate growing to 5.5% (2020:4.8%). All areas of sales grew: Email revenue £23.4m (2020:15.4m), paid revenue £3.9m (2020:1.8m), affiliates £2.4m (2020: £1.1m), Amazon £8.8m (2020: £3.5m), eBay £1.8m (2020: £0.9m) and drop ship partners £2.1m (2020: Nil).
The returns rate for the year was 8.4% (2020: 11.6%) due to the lockdown mix of product sold.

Big Box & Hybrid

Big Box numbers have stayed the same at 51. Revenue was £17.8m (2020: £17.1m) with a contribution of £0.6m (2020: £0.2m loss).

We have 16 (2020:6) Hybrid stores with a revenue of £4.1m (2020: £2.2m) and a contribution of £0.3m (2020: £0.1m loss).

Both of these formats have performed extremely well and are key to the property portfolio transformation over the next 5 years.

Chief Executive's Report CONTINUED

Product

Our Big Box stores offer 650 styles per season (350 branded), Hybrid stores offer 475 styles per season (175 branded) and Original stores offer 300 core styles per season. As we refit existing stores to our new formats, the branded mix will continue to form a higher proportion of our overall sales.

Our Digital shoehub platform offers the full store ranges plus approximately 2,600 online exclusive ranges per season which will grow to at least 4,000 over the next 12 months.

We have also introduced our first drop ship partners, in the last 12 months and there will be further partners added to our shoehub platform in the future.

Property

We ended the period trading from 410 stores, having closed net 50 unprofitable stores and converted a further 10 existing stores to our new formats.

Our average lease length is 1.9 years, giving us the opportunity to respond to changes in any retail location at short notice. Property supply continues to outstrip demand and therefore we will take advantage of this and significantly improve our property portfolio over the medium term.

Total capital expenditure was £1.4m (2020: £2.8m).

We achieved rent reductions on renewal of £1.9m (2020: £0.8m) on an annualised basis, an average reduction of 52.9% (2020: 30.9%).

Dividend

At the year-end our outstanding CLBILS loan balance was £4.4m. The terms of the loan restrict any dividend payments whilst the loan balance is still in place. At 6 January 2022 the outstanding loan balance has been cleared and therefore if trading continues to be stable, we expect to restart modest dividends at our half-year results.

Outlook

We continue to drive our digital lead strategy on the back of these solid set of results. The hard work completed to reduce costs, streamline operations and accelerate digital investment, positions us well for the year ahead.

Chief Executive's Report CONTINUED

Property

We continue to transform our property portfolio with relocations/new stores being partially funded by landlords through rent free periods of typically 12 months.

We will see a number of existing stores refitted to our new formats and many stores relocated to prime locations within key towns at lower rents.

We ended the year with 51 Big Box, 16 Hybrid and 343 Original stores. This year we expect to relocate or open a further 25 stores and continue to close a number of unprofitable stores. Since the year end we have relocated 5 stores to our new formats with a further 15 in legals.

Capital expenditure

We will spend 3% of sales per annum to cover 40 store projects (25 relocations and 15 refits) and Head Office infrastructure changes and IT projects.

Digital

We are further automating the distribution centre's infrastructure with the addition of 2 packing machines to enable quicker throughput and more efficient processing. We have introduced a new customer service system for better analytics and response. We have appointed a new email service partner to better maximise the 1.5m engaged members. New payment options will be introduced such as Apple Pay and Klarna. Further affiliate and drop ship partners will be added. Online exclusive styles will be increased by at least 2,000 over the next 12 months.

Product

We expect markdown levels to reduce and margin levels to be maintained. Supplier payments remain up to date as they did at the year-end. Our buying and shipping teams are doing an exceptional job of managing the direct from factory supply chain and we are confident that we are performing better than the market average.

Conclusion

A lot of work undertaken in recent months will underpin our strategy as we look forward with optimism going into the New Year a leaner, stronger and more resilient business, especially having reached our goal of becoming debt free 2 years earlier than expected.

The Digital momentum and projects pipeline gives us confidence the company's performance will be in line with market expectations.

People form a key part of our business success, even more so as we look forward to the next generation of our strategy. We will continue to invest in our team by increasing training and career development plans, offering more qualification sponsorship and enhancing our graduate programme.

I would like to thank all of our Shoe Zone team for their amazing support and commitment over the last 15 months.

Chief Executive's Report CONTINUED

Director's statement of compliance with the duty to promote the success of the group (Section 172(1) statement)

The Directors have acted in a way that they consider, in good faith, promotes the success of the Group for the benefit of its members as a whole, and in doing so have given regard to (amongst other matters):

External relationships

The vast majority of the Group's products are manufactured overseas in China and to a lesser extent in India and Europe. As a result, the Group is subject to the risks associated with international trade, particularly those common in the importation of goods from developing countries, including the imposition of taxes or other charges on imports, compliance with and changes to import restrictions and regulations, and exposure to different legal standards and the burden of complying with a variety of foreign laws and changing foreign government policies.

The Group's policy for the payment of suppliers is to agree payment terms in advance and to abide by such terms.

The Group continually develops strategies to further improve its strong relationship with its suppliers.

Our people

Our long-term success depends on looking after the best interests of our employees, customers, shareholders and suppliers.

All employees are able to contribute to the ongoing success of the business through regular contact between management and employees. We promote equal opportunities and do not tolerate discrimination of any kind. We operate a non-contractual profit share scheme that rewards employees based on the overall company profit performance. Details on the number of people employed can be found in note 7 of the financial statements.

The Board meets regularly and communicates with our people on a regular basis to ensure they all understand our strategic objectives both short and long-term.

Charity

We donated over £270,000 to charitable causes. These donations are mainly targeted at children in poverty/difficult circumstances locally, nationally and internationally and delivered via The Shoe Zone Trust and we commit to contributing 2% of profits into the trust each year.

Chief Executive’s Report CONTINUED

Environment

We recognise the impact of our activities on the environment. We relentlessly review our consumption of single use plastics and have eliminated them in all own label products. We recycle all cardboard and plastic waste from our stores and Head Office. We use sea transportation to reduce emissions. We are currently trialling our first Compressed Natural Gas delivery lorry as well as moving to a hybrid/electric car fleet as quickly as renewals allow.

Political donations

During its last financial period the Group made no political donations and incurred no political expenditure. The Group does not intend to make any such donations or incur any such expenditure this year.

Financial Review

In the 52 weeks to 2 October 2021, total revenues were £119.1m (2020: £122.6m) having traded for 36 weeks. This was offset by an increase in Digital sales. We ended the year with 410 stores (2020: 460) stores.

Profit before Tax was £9.5m (2020: Loss before Tax £(14.6)m). This significant increase was due in part to a 25 week continuous period of trade from mid-April, which covered key trading periods in the year, growth in Digital revenue and profitability and the receipt of Government support. We continue to actively reduce our cost base in all areas of the business and have reduced our rent bill through proactive and positive discussions with landlords.

Digital growth has accelerated significantly with revenues of £30.5m (2020: £19.3m) an increase of 58%. Profit contribution from Digital increased to £8.5m (2020: £4.6m) in the year. This has been driven by the pre pandemic investment in infrastructure, new online exclusive ranges and people, and this will form the core of our business going forward.

Product gross margins increased to 61.5% (2020: 61.4%) due to less Digital promotional activity and therefore a higher proportion of full price sales.

Gross profit increased by £27.2m to £32.5m (2020: £5.2m) due to reductions in cost of inventory purchases £2.0m, store wages £4.8m, store rates £3.8m, depreciation £4.2m, right-of-use-asset lease depreciation £4.0m, asset impairments £4.9m and retail grants receivable of £6.1m, offset by an increase in Digital related postage of £2.0m.

Admin expenses increased by £3.0m to £16.9m (2020: £13.9m) due to an increase in Digital related costs of £1.6m and further closure and impairment provisioning of £1.2m.

Distribution costs increased by £0.5m to £4.5m (2020: £4m).

The corporation tax charge through the P&L is £2.4m (2020: repayment of£2.7m) which includes £4.5m of brought forward tax losses that offsets part of the taxable profits for the year.
Earnings per share are 14.03p (2020: (23.81)p).

Capital expenditure reduced to £1.4m (2020: £2.8m) as we reduced non-essential spend. The expenditure in the year was for key refits and relocations to our Hybrid formats.

At the year-end the cash and cash equivalents balance was £19.0m (2020: £13.3m) with net cash of £14.6m (2020: £6.3m). We have a loan with National Westminster Bank supported by the COVID-19 Large Business Interruption Loan Scheme (CLBILS) and the balance remaining at the year-end was £4.4m, which was repaid on 6 Jan 2022. The Group’s current bank facilities also include an on demand overdraft facility of £3.0m, which has not been used during the year.

Financial Review CONTINUED

The pension liability in the schemes reduced by £4.7m to £5.9m (2020: £10.6m). During the year we made an additional contribution of £1.5m into the scheme. The reduction in deficit is also due to an increase in bond yields which reduces the value placed on the scheme's liabilities, and a better than expected investment performance.

The Group uses derivative financial instruments, typically forward exchange contracts, to hedge the risk of future foreign currency fluctuations. The hedging policy enables the effective portion of changes in the fair value of designated derivatives to be recognised in other comprehensive income. Historically these movements would have been recognised in the Income Statement. Further information can be seen in accounting policies in note 1 of the financial statements.

Derivative financial liabilities of £0.6m compares to a £0.1m financial liability in 2020. This represents the market to market valuation of the derivative hedges in place at the end of the financial year.

Under the terms of the CLBILS loan we are unable to pay dividends whilst a loan balance is in place, but now that the loan has been fully repaid, and if trading continues to be stable, we will look to restart modest dividends at our half year results.

Key Performance Indicators

The Group uses the following performance measures) to monitor progress against strategic objectives.

ONLINE PARTICIPATION %

25.7%

2020: 15.7%

Online sales as a percentage of total sales. Online sales exclude orders placed in store.

The online participation increased to 25.7% (2020: 15.7%). This performance reflects the growth of the Shoe Zone.com, Amazon and eBay and reflects the lockdown periods restricting store sales.

PRODUCT GROSS MARGIN %

61.5%

2020: 61.4%

Product Gross Profit expressed as a percentage of revenue.

Product Gross Margin was 61.5% (2020: 61.4%). This increase reflects a reduction in promotional activity driven primarily by heavier discounting in the initial lockdowns.

CASH BALANCE

£14.6m

2020: £6.3m

Cash held by the Group at the period end.

We finished the year with a net cash balance of £14.6m (2020: £6.3m).

EARNINGS PER SHARE

14.03p

2020: (23.81p)

The percentage movement in Earnings per Share.

Earnings per Share increased to 14.03p (2020: (23.81)p).

Principal Risks and Uncertainties

We set out below the principal risks and uncertainties that the Directors consider could impact the business. The list highlights the key risks but there may be other risks to which the business is exposed. The list is not intended to be exhaustive.

Market and Competition

The footwear market is highly competitive, particularly with respect to price, product selection, quality and store location. The markets the Group operates in are, on a comparative basis, free and open markets with low barriers to entry. The Group competes at national and local levels with a diverse group of retailers of varying sizes and covering different product categories and geographic markets. These competitors include local, national and global retailers, including other specialist footwear retailers, supermarkets, online retailers and local independent retailers. Some competitors may have greater market presence, name recognition, financial resources and economies of scale or lower cost bases than the Group and may be able to withstand, or respond more swiftly to, changes in market conditions, any of which could give them a competitive advantage over the Group. In addition, like many other retailers, because the Group does not have exclusive rights to many of the elements that comprise its in-store experience and product offering, competitors may seek to copy or improve on the Group's business strategy, which could significantly harm the Group's competitive position.

The Board monitors competitor activities and discusses them on a weekly basis. The Group has adopted a strategy which intends to differentiate itself from its closest competitors and endeavours to price match on any cross over product lines. Maintaining price competitiveness is a key focus of the business.

Identifying fashion and trends

The success of the Group's business depends in part on its ability to innovate and to identify, anticipate and respond to evolving trends in consumer preferences, demographics and fashion trends, and to translate these trends into appropriate, saleable products. The Group seeks to change and refresh its product offering seasonally in order to drive customer traffic through its stores and online offering but demand for, and market acceptance of, these new products is uncertain.

Trends and demands are continually reviewed by knowledgeable and experienced employees who have a high level of market awareness. The Board monitors best sellers on a weekly basis and evaluates the performance of new lines.

Economic factors

We continue to see uncertain economic conditions in the UK and globally, as well as economic factors such as employment levels, consumer debt levels, lack of available credit, energy costs, cost inflation, currency exchange rates, interest and tax rates, all of which may adversely affect the disposable income of the Group's customers, which could result in lower sales.

Principal Risks and Uncertainties CONTINUED

In particular, in times of economic uncertainty or recession or lack of consumer confidence, there may be a decrease in discretionary purchases generally, which could have a material adverse effect on the Group's business, results of operations and financial condition. Global economic conditions and uncertainties may also impact the Group's manufacturers and suppliers in ways that could adversely affect the Group's business.

The Board considers very carefully the economic climate in planning its product ranges and pricing structure. As the business is focussed on offering low prices it is more resilient to reductions in consumer expenditure than other footwear retailers.

Reliance on overseas suppliers

Like many retailers, the Group is dependent on being able to source suitable products from manufacturers and other suppliers at a sufficiently low cost and in a timely manner. Although the Group enjoys good relationships with a wide range of manufacturers and other suppliers and is not overly reliant on any one supplier, there is still potential for the Group to be exposed to adverse operational and financial risks should there be a deterioration in relationships with a number of its key suppliers or if the Group is unable to identify and develop relationships with suitable suppliers who can satisfy its standards for price, quality, safety and its quantity and delivery requirements.

The vast majority of the Group's retail products are manufactured overseas by suppliers located in China and to a lesser extent India and Europe. As a result, the Group is also subject to the risks associated with international trade, particularly those risks which are common in the importation of goods from developing countries, including the imposition of taxes or other charges on imports, compliance with and changes to import restrictions and regulations, and exposure to different legal standards and the burden of complying with a variety of foreign laws and changing foreign government policies.

The Board is always seeking out new sources of supply with a clear strategy of diversification. Members of the Management Team have historically visited overseas suppliers to ensure that existing factories are being regularly monitored and new factories are being sourced that meet our price, quality and safety standards. We are currently unable to travel to our key sourcing markets due to COVID restrictions but will restart as soon as we are able.

Reputational risk

The Group's sales are dependent in part on the strength and reputation of the brands it offers, including own label brands, and are dependent on consumers' perceptions of the Group and its products.

The majority of the Group's profits are derived through sales of its own label brands. Maintaining broad market acceptance of its own label brands depends on many factors, including value, quality and consumer perception. The Group may not in the future achieve or maintain its expected sales of its own label brands, which could have a material adverse effect on the Group's business, results of operations and financial position.

Principal Risks and Uncertainties CONTINUED

The Board has sufficient internal processes to ensure that it receives feedback from stores and customers on the design and quality of its products. The business' reputation is carefully managed through internal procedures by the Board.

Loss of key operating site

The Group has a single Distribution Centre and its head office located at premises in Leicester and therefore the Group is currently entirely dependent on the continued efficient operation of the Leicester premises. Any disruption to the operation of the Leicester premises may therefore have an adverse effect upon the Group's financial condition, operations and business prospects. The premises may suffer prolonged power or equipment failures, failures in its IT systems or networks or damage from fire, flood, or other disasters or unforeseen events which may not be covered by, or may be in excess of, its insurance coverage. Damage resulting from any of these events may take considerable time to repair. A prolonged period before rectification could have an adverse effect upon the Group's financial condition, operations and business prospects.

The business has developed and maintains a business continuity plan for the unlikely scenario of long term disruption to the Leicester premises. The business retains appropriate insurance to mitigate the risk of such a loss.

Data security and IT reliability

The Group relies to a significant degree on the uninterrupted operation of its computer and communications systems and infrastructure, as well as the equivalent systems and infrastructure of third parties, for the efficient running of its business, including with respect to inventory, merchandising, finance, human resources, distribution and logistics and store operations.

The Group must comply with restrictions on the use of customer data and ensure that confidential information (such as credit or debit card numbers) is transmitted in a secure manner over public networks.

Despite controls to ensure the confidentiality and integrity of customer data, the Group may breach restrictions or may be subject to attack from computer programmes that attempt to penetrate the network security and misappropriate confidential information. Any such breach or compromise of security could adversely impact the Group's reputation with customers and consumers, lead to litigation or fines, and as a result, have a material adverse effect on its business, results of operations and financial position.

The business has appropriate disaster recovery and business interruption plans. The IT systems have been developed significantly in-house reducing the business's dependency on any third parties. Reputable third party antivirus, anti-spam and web filtering software are in use and its appropriateness regularly reviewed.

Principal Risks and Uncertainties CONTINUED

Reliance on key personnel

The Group depends on a relatively small senior Management Team and the loss of a material number of such individuals or the inability to attract appropriate personnel in a timely manner could impact upon the Group's future performance.

The Group's Remuneration Policy is designed to attract, retain and motivate management. Succession plans are in place for key roles.

Product

Shoe Zone continues to review the potential risks and opportunities that the post Brexit environment presents. Within the Shoe Zone product range, less than 2.5% of all stock is purchased from within the EU, this limits any potential risks.

The import of finished product from the Far East represents the main areas of risk, initial disruption at ports has now been resolved and deliveries have only been marginally impacted. No major instability of the Sterling/Dollar exchange rate has been seen and Shoe Zone is fully hedged for the forthcoming financial year.

We continue to monitor all risk factors.

COVID-19

The COVID-19 pandemic has presented all retailers with challenges and Shoe Zone has not been immune to this. We have implemented a number of cash preservation measures, reviewed our operations and continue to monitor the situation as it develops.

During the pandemic, Shoe Zone took out a CLBILS loan (see note 18) and has made use of the government assistance.

Shoe Zone remains in a satisfactory cash position despite the uncertain trading environment.

Going concern

Please see page 35 in Director's report regarding going concern.

The strategic report was approved by the Board.
On behalf of the Board

Anthony Smith
Chief Executive
Date: 10 January 2022

Corporate Governance Statement

Chairman's Statement

It is with pleasure that I take the opportunity to outline the approach taken to corporate governance within Shoe Zone plc.

The Board is committed to maintaining high standards of corporate governance and, with effect from 1 September 2018, the Board has adopted the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (the "Code").

The Code was revised in April 2018 to meet the new requirements of AIM Rule 26 and sets out ten broad principles of corporate governance. The code states what are considered to be appropriate corporate governance arrangements for companies. It provides an explanation about how they are meeting the principles through certain prescribed disclosures.

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. He manages the Board agenda and ensures that all Directors receive accurate, timely and clear information and effectively contribute their various talents and experience in the development and implementation of the Company's strategy. He ensures that the nature and extent of the significant risks the Company is willing to embrace in the implementation of its strategy are challenged and determined by the Board. The Chairman is responsible for ensuring that the Board implements, maintains and communicates effective corporate governance processes and for promoting a culture of openness and debate designed to foster a positive governance culture throughout the Company.

The Board has considered how each principle is applied and provides below an explanation of the approach taken in relation to each and how they support the Company's medium to long-term success.

The Board considers that it does not depart from any of the principles of the QCA Code and there have been no corporate governance matters in the previous year.

J. C. P. Smith

Charles Smith
Chairman
Date: 10 January 2022

Corporate Governance Statement CONTINUED

THE TEN PRINCIPLES OF THE QCA CODE

1

CATEGORY: DELIVER GROWTH

PRINCIPLE: ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTES LONG-TERM VALUE FOR SHAREHOLDERS.

- Shoe Zone is a footwear retailer. Its strategy is based on three pillars:
  - Digital growth
  - Town Centre renewal
  - Big Box expansion
- This business model has been developed over many years and has proved successful in both profit performance and cash generation. Growth strategies have been limited through the year due to lockdowns and cash preservation strategies.

2

CATEGORY: DELIVER GROWTH

PRINCIPLE: SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS.

- The Chief Executive and the Finance Director are primarily responsible for maintaining dialogue with shareholders, supported by the Company's broker.
- The Chief Executive and Finance Director hold both one-to-one and group meetings with shareholders and the investing community following the announcement of the annual and interim results. The Chairman also attends a number of these group meetings.
- Following these meetings, the Company's brokers provide independent and anonymised feedback to the Board on shareholders' views.

Corporate Governance Statement CONTINUED

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CATEGORY: DELIVER GROWTH

PRINCIPLE: TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG TERM SUCCESS.

- Shoe Zone takes its wider stakeholder population into account within its decision making processes.
- Examples of this are:
  - The Shoe Zone supplier manual outlines minimum working practices that we expect from all our suppliers.
  - The buying team, and in some instances the Chairman and Chief Executive, visit every factory that supplies us with manufactured product.
  - We hold employee forums for the Distribution Centre and in particular, prior to changing shift patterns and afterwards to understand the implementation and any ongoing issues that it may have been caused.
- We are working with suppliers to eliminate plastic materials from the supply chain as far as possible. Most recently we have replaced plastic ‘shoe shapers’ with biodegradable cardboard ones.
- We collect all plastic and cardboard waste from our stores. Where possible, we reuse or recycle cardboard waste and recycle plastic waste through a third party.
- Shoe Zone is committed to eliminating all forms of slavery and the company website outlines the actions we are taking to ensure that we are supportive of the wider movement.

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CATEGORY: DELIVER GROWTH

PRINCIPLE: EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION.

- The key risks and the approach taken to mitigate these is detailed in the Annual Report and Accounts. The key risks identified are listed in the Annual Report elsewhere.

Corporate Governance Statement CONTINUED

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CATEGORY: MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

PRINCIPLE: MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR.

- The Board consists of three Executive Directors and two Non-executive Directors.
- The Executive Chairman is Charles Smith, who is also a major shareholder with 23.87% shareholding.
- The Senior non-executive director is Victoria Norrish, who is the Chair of the Audit Committee.
- The remaining Executive board members are Anthony Smith, Chief Executive and Terry Boot, Finance Director. Anthony Smith is the largest shareholder with 29.85%.
- The remaining Non-executive Director is Malcolm Collins. He is Chairman of the Remuneration Committee.
- Within the Executive Directors, Anthony Smith is a full time Director. Charles Smith is employed for four days a week.
- The Non-executive Directors are selected for the specific skills and expertise that they contribute to the business. This ranges from experience of accounting, footwear retail and supply chain expertise.

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CATEGORY: MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

PRINCIPLE: ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES.

- Please refer to the Investor Relations section of the website for further details of the Directors.

Corporate Governance Statement CONTINUED

7

CATEGORY: MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

PRINCIPLE: EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT.

- The Executive Board consists of Anthony Smith, Charles Smith and Terry Boot.
- Within the organisation there is also a wider Management Team that has functional responsibility for the business.
- The Board is constantly reviewing its own performance and that of the Management Team including its relevance and constitution as the business develops and grows. We look to identify those individuals who excel in their role and develop them through appointment to the Management Team and measure their success as part of the Group and the wider group.

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CATEGORY: MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

PRINCIPLE: PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS.

- The Company seeks to promote an open culture where all employees feel that they contribute to the ongoing success of the business.
- We operate a non-contractual profit share scheme that rewards all employees, with service greater than one year, based on the overall company profit performance.

Corporate Governance Statement CONTINUED

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CATEGORY: MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

PRINCIPLE: MAINTAIN GOVERNANCE AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD.

- The Board meets around six times per year. Agendas and papers are issued in advance of the meeting in order to allow each member to prepare thoroughly. All Non-Executive Directors are expected to attend these meetings.
- The Remuneration Committee and Audit Committee meet at least twice per year and their reports are contained in the Annual Report and Accounts.
- Draft minutes are circulated for all meetings and following feedback, approved by the various boards at their next meeting.
- Non-Executive Directors are also called on where their expertise or advice would benefit the Company, such as pension negotiations, selection of a new audit partner, product range reviews or the selection of other advisors.
- Management meetings are also held periodically with other key senior members of the Company who hold functional responsibility. Information is disseminated through this group to the wider business and updates and feedback sought on key topics and areas.

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CATEGORY: BUILD TRUST

PRINCIPLE: COMMUNICATE HOW THE COMPANY IS GOVERNED AND ITS PERFORMANCE BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS.

- All shareholders are invited to make use of the Group's Annual General Meeting to raise any questions regarding the management or performance of the Company.
- Following the announcement of results the Company will also offer the chance for shareholders to meet the Chairman, Chief Executive and Finance Director to discuss performance and future plans.
- All voting results for the Annual General Meeting on resolutions are available on the website and the reports of Board Committees are set out in the Annual Report and Accounts each year.

Corporate Governance Statement CONTINUED

The Board

The Board comprises three Executive Directors (including the Chairman) and two Non-Executive Directors. The Board composition meets the recommendations of the QCA guidelines.

The Board is committed to maintaining high standards of corporate governance and to being transparent about its arrangements.

The key responsibilities of the Board are:

- the overall management of the Group;
- approval of corporate strategy;
- approval of income, expenditure and capital budgets;
- oversight of operations ensuring adequate systems of internal control and risk management are in place;
- to review business performance against the objectives that it has set;
- to monitor the integrity of the financial statements and approve the annual and interim reports;
- approval of the dividend policy;
- determining changes to the structure and composition of the Board;
- determining remuneration policy; and
- approval of communications with shareholders and the market.

Details of each of the Directors are given in their biographies on pages 23.

Appointments to the Board and re-election

The Company is governed by its Articles of Association ('Articles'). Under the Articles the Board has the power to appoint a Director during the year but any person so appointed must stand for election at the next Annual General Meeting ('AGM'). The Articles require that each Director retires and seeks re-election by the members every three years. The QCA Code recommends that Directors should be subject to annual re-election by members and, in line with the Company's intention to apply certain principles of the UK Code, each Director will stand for re-election at each of the Company's AGMs.

Corporate Governance Statement CONTINUED

Board committees

The Board has established a Remuneration Committee and an Audit Committee. Due to the nature and size of the Group, the Directors have decided that issues concerning the nomination of Directors will be dealt with by the Board rather than a nomination committee.

Membership of the two Board Committees is comprised of all independent Non-Executive Directors. Each Board Committee has approved Terms of Reference setting out their responsibilities. The Terms of Reference were approved by the Board during the year. All of the Board Committees are authorised to obtain, at the Company's expense, professional advice on any matter within the Terms of Reference and to have access to sufficient resources to carry out their duties.

The Audit Committee is chaired by Victoria Norrish. The committee meets as necessary to monitor the Group's risk management and internal control systems and is also concerned with any major accounting and audit related issues. Executive Directors and senior management are responsible for managing the risk framework and internal control systems and must report on their effectiveness to the Audit Committee.

Details of the duties of the Remuneration Committee are set out in the Remuneration report on page 24.

Board of Directors

Chairman

CHARLES SMITH

Charles joined Shoe Zone in 1998, becoming Chief Operating Officer in 2001. He was appointed Chairman in January 2020. Charles is a founder and Trustee of the Shoe Zone Trust.

Chief Executive

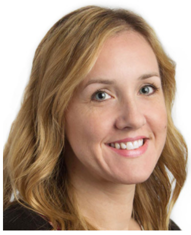
ANTHONY SMITH

Anthony joined Shoe Zone in 1993 as Marketing Manager before becoming Chief Executive in 1997. Anthony was appointed Chairman in June 2016. He was re-appointed as Chief Executive in August 2019. Anthony is a founder and Trustee of the Shoe Zone Trust.

Finance Director

TERRY BOOT

Terry Joined Shoe Zone in March 2021 as Finance Director. He was most recently the Finance Director and then CEO at the Company of Master Jewellers, having previous been in the footwear retailing industry for 26 years. From 1998 to 2016 he was the Finance Director at Brantano and Jones Bootmaker.



Company Secretary

CATHERINE BOWEN

Catherine joined Shoe Zone in September 2018 as General Counsel and was appointed Company Secretary in September 2019. Catherine qualified as a solicitor in 2001 and has extensive legal experience in the retail sector, and is a specialist in landlord and tenant matters. Catherine also taught, part time, on the Law Degree at the University of Leicester for eight years, while continuing to practice.

Non-executive Director

MALCOLM COLLINS

Malcolm joined as a Non-Executive Director in June 2016. Malcolm was most recently Group Buying and Design Director for footwear and accessories at New Look, overseeing the Group's £550m footwear division. Prior to Malcolm's 16 years at New Look, he worked for 23 years at Clarks Shoes including 13 years as Women's Footwear Buyer.

Non-executive Director

VICTORIA NORRISH

Victoria joined as a Non-Executive Director in August 2020. Victoria joined Blue Light Card Limited in January 2021 as Chief Financial Officer. She was previously at TheWorks.co.uk plc from 2008 to 2020 as Supply Chain Director (January 2019 to December 2020), Strategic Development Director (July 2018 to January 2019) and Finance Director (November 2008 to July 2018). She commenced her accountancy career as an auditor with KPMG and Godkin & Co.

Remuneration Report

This is the Company's eighth Directors' Remuneration Report since it listed on AIM in May 2014.

The Remuneration Committee consists of the Non-executive Directors. Malcolm Collins is the Chairman and Victoria Norrish also serves on the Committee.

Anthony Smith and Charles Smith may attend the Committee meetings by invitation.

Duties

The main duties of the Remuneration Committee are set out in its Terms of Reference adopted 25 April 2014 and include:

- responsibility for agreeing, with the Board, the framework or broad policy for the remuneration of all Executive Directors of the Company, including pension rights, compensation payments bonuses, incentive payments, share options and benefits in kind;
- obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity and market practice generally;
- be exclusively responsible for selecting any remuneration consultants who advise the Committee;
- approve the design and determine targets for any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- monitor the level and structure of remuneration for senior management and note annually the remuneration trends across the Group;
- review the design and implementation of all share incentive plans for approval by the Board and shareholders. For such plans, determine each year whether awards will be made, and if so, the overall amount of such awards;
- ensure the contractual terms on termination, and any payments made, are fair to the individual and the Company, and in accordance with any legal and regulatory requirements;
- oversee any major change in employee benefit structures throughout the Group; and
- agree the policy for authorising claims for expenses from the Directors.

Remuneration Report CONTINUED

Directors and Directors' interests

The Directors listed below all served through the year. Their interests in the issued share capital of the Company as at the date of this report were as follows:

	Number of ordinary shares		Percentage of issued share capital
Executive Directors			
Anthony Smith	14,926,557	(1)	29.85%
Charles Smith	11,933,694	(2)	23.87%
Non-executive Directors			
Victoria Norrish	Nil		Nil
Malcolm Collins	Nil		Nil

(1) The registered holder of these shares is Slawston Investments Limited, an entity jointly owned by Anthony and Catherine Smith

(2) The registered holder of these shares is Sheepy Magna Investments Limited, an entity jointly owned by Charles and Sian Smith

Remuneration Report CONTINUED

Directors’ Remuneration

Directors’ remuneration information for those individuals who have served as a Director for the year are presented below. The information presented in respect of these Directors is for the full financial year.

Individual	Financial year	Basic Salary and fees £	Profit Share (Bonus) £	LTIP paid within year £	Benefits £	Pension	Total £
Executive Directors							
Anthony Smith	**FY21**	**350,000**	**175,000**	**-**	**35,957**	**-**	**560,957**
	FY20	350,000	-	-	43,464	-	393,464
Charles Smith	**FY21**	**224,000**	**112,000**	**-**	**26,224**	**-**	**362,224**
	FY20	224,000	-	-	23,329	-	247,329
Terry Boot	**FY21**	**69,590**	**35,788**	**-**	**4,840**	**8,351**	**118,569**
	FY20	-	-	-	-	-	-
Peter Foot*	**FY21**	**50,199**	**-**	**-**	**3,804**	**-**	**54,003**
	FY20	30,403	-	-	2,153	-	32,556
Jonathan Fearn*	**FY21**	**-**	**-**	**-**	**-**	**-**	**-**
	FY20	101,896	-	-	9,477	12,228	123,601
Non–executive Directors							
Malcolm Collins	**FY21**	**19,000**	**-**	**-**	**-**	**-**	**19,000**
	FY20	19,334	-	-	-	-	19,334
Victoria Norrish	**FY21**	**28,500**	**-**	**-**	**-**	**-**	**28,500**
	FY20	2,828	-	-	-	-	2,828
Jeremy Sharman*	**FY21**	**-**	**-**	**-**	**-**	**-**	**-**
	FY20	27,000	-	-	-	-	27,000
Charlie Caminada*	**FY21**	**-**	**-**	**-**	**-**	**-**	**-**
	FY20	16,613	-	-	-	-	16,613
Total	**FY21**	**741,289**	**322,788**	**-**	**70,825**	**8,351**	**1,143,253**
	FY20	772,074	-	-	78,423	12,228	862,725

*** Resigned before date of signing**

Directors' Service contracts and employment letters

The Executive Directors have entered into service agreements with the Company with effect from 1 May 2017 or in the case of Terry Boot his date of commencement. Salaries for the up-coming year are set out below:

	£
Anthony Smith	350,000
Charles Smith (1)	224,000
Terry Boot **(appointed 8 March 2021)**	130,000

(1) Now contracted for 4 days per week.

Each Executive Director's employment will continue until terminated by either party by written notice. The notice periods applicable are 12 months for Anthony Smith and Charles Smith and 6 months for Terry Boot. Other fixed elements of the Executive Directors' remuneration comprise a company car provision, life assurance and private medical insurance. Terry Boot is entitled to a Pension Contribution of 12% basic salary.

The Company may elect to terminate the employment of each Executive Director by making a payment in lieu of notice equal to their basic salary payable in monthly instalments.

Each of the Executive Directors has agreed to post-termination restrictions in order to protect confidential information, trade secrets and business connections. These restrictions last for 9 months.

	£
Malcolm Collins	20,000
Victoria Norrish	30,000

The remuneration report was approved by the Board.

On behalf of the Board

M. Coll

Malcolm Collins
Chairman of the Remuneration Committee
Date: 9 December 2021

DIRECTORS' REPORT
FOR THE 52 WEEKS ENDED 2 OCTOBER 2021

The Directors present their Annual Report and audited financial statements of the Company and the Group for the 52 weeks ended 2 October 2021.

The disclosure requirements of the Companies Act 2006 have been met by the contents of this Directors' Report, apart from the likely future developments in the business and existence of stores which are included within the Strategic Report which should therefore be read in conjunction with one another.

The Company

Shoe Zone plc (the 'Company') is a Company incorporated and domiciled in the UK, with the registered company number 08961190. The company is listed on the AIM market of the London Stock Exchange.

Share Capital

Details of the share capital of the Company are shown in note 22 of the financial statements. The Company's share capital consists of one class of ordinary shares. As at 2 October 2021 there were 50,000,000 ordinary shares of £0.01 each. The authorised share capital of the Company is unlimited.

At the AGM held on 31 March 2021, the Board was granted authority to allot shares in the Company of up to approximately a third of the Company's issued share capital. The Board was also granted authority to allot further shares having an aggregate nominal value of £166,666 in connection with a pre-emptive rights issue (representing approximately a further third of the Company's issued share capital). At the 2022 AGM, shareholders will be asked to renew this authority for a further year.

Directors

The Directors who held office during the year and up to the date of signing the financial statements are listed on the directors and advisors page.

Directors' Interests

Information about the Directors' interests in the shares of the Company can be found in the Directors' Remuneration Report.

Directors' Indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity provision as defined by s234 of the Companies Act 2006. The indemnity was in force throughout the financial year and at the date of approval of the financial statements. The Group maintains Directors' and Officers' liability insurance.

In accordance with the Articles of Association, all the Directors offer themselves for re-election at the AGM, as they were appointed during the year.

Employees

The Group employed 2,854 (03 October 2020: 3,428) employees at the year end.

The Group's policy is to actively involve its employees in the business to ensure that matters of concern to them, including the Group's aims and objectives and the financial and economic factors which impact them are communicated in an open and regular manner.

The Directors are committed to delivering the highest standards of health and safety for employees, customers and others that might be affected by the Group's activities.

The Group is committed to employing the right people, training them well and promoting from within wherever possible. Well trained and motivated employees are key to delivering good service to our customers and are fundamental to the long-term success of the business.

All employees are able to contribute to the ongoing success of the business through regular contact between management and employees. We promote equal opportunities and do not tolerate discrimination of any kind.

Annual general meeting

The Company's eighth AGM will be held on Tuesday 8 March 2022 at 10.00 a.m. at the Company's registered office at Haramead Business Centre, Humberstone Road, Leicester, Leicestershire LE1 2LH. The Notice of AGM appears on pages 96 to 102.

In light of the current pandemic and the general uncertainty on what measures may be put in place by the UK Government restricting gathering, the Board regretfully requests that shareholders do not attend the Annual General Meeting in person (irrespective of whether restrictions on social gatherings are in place at the date of the Annual General Meeting). The Annual General Meeting will be convened with the minimum quorum of shareholders required in order to conduct the business of the Annual General Meeting and this will be facilitated by the Company's management.

With this in mind, shareholders are strongly encouraged to exercise their vote by appointing the Chairman of the Annual General Meeting as their only proxy and providing voting instructions in advance of the Annual General Meeting, in accordance with the instructions explained in the Notes attached to this Notice of Annual General Meeting. Set out below is an explanation of certain resolutions which will be proposed at the AGM.

Appointment of Directors (resolutions 2 to 6)

The UK Corporate Governance Code recommends that directors should be subject to annual re-election by shareholders. In line with the Company's intention to apply certain principles of the UK Corporate Governance Code, each Director will stand for re-election at the AGM. Biographical details of each Director appear on page 23. The Board believes that each Director continues to demonstrate their commitment to their role and that, collectively; the Directors' skills complement each other and enhance the overall operation of the Board.

Political donations (resolution 9)

The Company is prohibited under the Companies Act 2006 from making donations to EU political parties or organisations or to independent election candidates in the EU of over £5,000 a year without shareholder approval. The Companies Act 2006 uses very broad definitions of political donations and expenditure which may extend to normal business activities which might not be thought of as political expenditure in the more usual sense. Activities which could be caught include representing the Company in the business community or at special interest groups which the Company may wish to support. In addition, the sponsorship of industry forums, the funding of seminars and other functions to which politicians are invited may also be caught. The Company is therefore proposing this resolution to ensure that it does not inadvertently breach the rules whilst carrying out its normal business activities.

During its last financial year the Company made no political donations and incurred no political expenditure. The Company does not intend to make any such donations or incur any such expenditure this year.

Authority to allot shares (resolution 10)

By law, the Directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders. Resolution 10 seeks shareholder authority to allow the Directors to allot shares having an aggregate nominal value of £166,666 representing approximately a third of the Company's issued share capital on 26th January 2022. In addition, shareholder authority is sought to allot shares having an aggregate nominal value of £333,332 in connection with a pre-emptive rights issue (representing approximately a further third of the Company's issued share capital on 26th January 2022

Disapplication of pre-emption rights (resolutions 11 and 12)

Resolutions 11 and 12 concern the disapplication of pre-emption rights. Under the Companies Act 2006, all shareholders are entitled to participate on a pre-emptive basis in all issues of shares for cash, unless shareholders have authorised the Directors otherwise.

Paragraph (a) of resolution 11 gives the Directors authority to make arrangements dealing with certain legal, regulatory and practical matters in connection with a pre-emptive issue of shares. Paragraph (b) of resolution 11 gives the Directors the necessary authority to either allot shares or sell shares held in treasury for cash on a non pre-emptive basis up to an aggregate nominal amount of £25,000 (being 2,500,000 shares). This is equivalent to 5% of the issued share capital of the Company on 26th January 2022. This resolution also disapplies statutory pre-emption rights to the extent necessary to facilitate rights issues.

Resolution 12 is being proposed as a separate resolution to authorise the Directors to allot a further 5% of issued ordinary share capital of the Company otherwise than in connection with a pre-emptive offer for the purposes of financing a transaction (or refinancing within six months of the transaction) which the Directors determine to be an acquisition or other capital investment contemplated by the Pre-emption Group's Statement of Principles (the 'Pre-emption Group Principles').

These disapplication authorities are in line with the authority sought at last year's AGM and with institutional shareholder guidance, in particular the Pre-emption Group Principles. The Pre-emption Group Principles were updated in March 2015 and provide the Company with greater flexibility to undertake non-pre-emptive issuances in connection with acquisitions and specified capital investments by allowing the Company to allot shares with a nominal value of up to £25,000 (representing 5% of the issued share capital of the Company as at 26th January 2022) for cash where that allotment is in connection with an acquisition or specified capital investment (as described in the Pre-emption Group Principles) which is announced at the same time as the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of that allotment.

The Board does not intend to allot shares for cash on a non-pre-emptive basis above 7.5% of the total issued share capital of the Company over a rolling three-year period without consulting shareholders first.

The Directors consider that it is appropriate for these authorities to be granted to preserve maximum flexibility for the future. However, the Directors currently have no plans to exercise these powers. The authorities sought will apply until the conclusion of the next AGM of the Company to be held in 2023 or 8 March 2023, whichever is earlier.

Authorisation for the Company to purchase its own shares (Resolution 13)

Resolution 13 seeks authority for the Company to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of the Company's ordinary shares on such terms and in such a manner as the Directors may determine from time to time, subject to the limitations set out in the resolution. If Resolution 13 is passed, the Company will be authorised to purchase up to a maximum of 5,000,000 ordinary shares, representing approximately 10% of the Company's issued ordinary share capital as at 26th January 2022. Resolution 13 also sets out the minimum and maximum price that the Company may pay for purchases of its ordinary shares.

If Resolution 13 is passed, the authority for the Company to purchase its ordinary shares will remain effective until the conclusion of the next AGM of the Company to be held in 2023 or 8 March 2023, whichever is earlier.

The Directors will only exercise this buy-back authority, after careful consideration, when it is in the best interests of the shareholders generally. Any purchases would be financed out of distributable profits and shares purchased would either be cancelled (and the number of shares in issue reduced accordingly) or held as treasury shares, with a view to using any such shares held in treasury for future distributions to employees.

Form of proxy

Please note you will not receive a form of proxy for the March 2022 AGM in the post. You may vote online which you can do at www.signalshares.com. To register you will need your Investor Code, which can be found on your share certificate. For shares held through CREST, proxy appointments may be submitted via the CREST proxy voting system. Otherwise, you may request a hard copy proxy form directly from our Registrars, Link Group, on 0371 664 0300 if calling from the United Kingdom, or +44(0)371 664 0300 if calling from outside the United Kingdom.

Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. – 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

In normal circumstances voting online or appointing a proxy will not preclude a shareholder from attending the AGM and voting in person. However please note the restrictions on attendance at the AGM this year in light of the ongoing COVID-19 guidance. As a result, shareholders are encouraged to appoint a proxy.

All online votes or proxy appointments should be submitted so as to be received no later than 10.00 a.m. on 4 March 2022.

Recommendation

The Board considers that the resolutions to be proposed at the AGM are in the best interests of the Company and are most likely to promote the success of the Company for the benefit of its members as a whole. The Directors recommend that shareholders vote in favour of each resolution, as the Directors intend to do in respect of their own shareholdings.

External auditor

Cooper Parry Group Limited have issued their independent report on these financial statements to the shareholders of Shoe Zone plc. The report can be found on pages 37 to 43.

The auditor, Cooper Parry Group Limited has indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the AGM.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of liquidity risk, foreign currency risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring the management of net cash, and the related finance income and costs. As the Group has both interest bearing assets and interest bearing liabilities, management maintain a close monitoring of the respective balances to ensure any interest rate risk is managed.

The Group does not make significant use of derivative financial instruments but does use forward currency contracts when management consider this to be appropriate. External expert advice is sought from the Group's bankers and relevant advisors on the suitability of these currency contracts in respect of the timings and rate. The Group has no exposure to equity securities. Limited credit risk exposure exists given the high level of cash transactions through the store network. Where credit risk arises management have procedures in place to assess the level of risk to be taken, with approval by the Directors for significant credit transactions. Further information can be found in note 3 to the financial statements.

Environment

The vast majority of our stores in England, Wales and Scotland have a requirement to ensure that all packaging and store waste is returned to our distribution centre to be recycled and re-used.

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 2 OCTOBER 2021 CONTINUED

Streamlined Energy and Carbon Reporting (SECR)

	2021	2020
Energy consumption breakdown (kWh):	**2021**	2020
Electricity	8,925	13,642
Natural gas	3,105	2,301
Transport fuel	3,056	4,840
Other fuels	-	-
Totals	**15,086**	20,783
Greenhouse gas emissions (tCO_2e):		
From combustion of fuel		
Natural gas	568.66	423.06
Transport fuel for company vehicles	722.60	1,233.57
Transport fuel for rental vehicles	-	48.29
Other fuels	-	-
Subtotal	**1,291.26**	1,704.92
From Purchased Electricity, Steam, Heat & Cooling	1,895.18	3,180.57
From Other Activities inc. Process & Fugitive	5.85	23.53
Subtotal	**1,901.03**	3,204.10
Total gross emissions	**3,192.29**	4,909.02
Renewable electricity	-	-
Carbon offsets	-	-
Domestic carbon units	-	-
Total net emissions	**3,192.29**	4,909.02
Intensity ratios		
Annual MWh per £m Turnover	126.63	169.57
Annual tCO_2e per £m Turnover	26.79	30.45

The Directors are pleased to note the significant improvement in the intensity ratio's, however it should be noted that during the COVID 19 pandemic government restrictions on trade have prevented direct comparison.
The Group continues various strategies to improve our carbon performance these include:
- Working with our suppliers to review plastic and card used in packaging and when labelling our products
- Reviewing and increasing our recycling strategies including initiatives at all of our retail outlets as well as our Distribution Centre and head office sites.
- Instigate a policy review into single use plastics
- Review of delivery schedules to all of our stores to further improve efficiency and to reduce deliveries and idle time.
- Review into the use of both hydrogen powered and electric HGV/car vehicles

Going Concern

The Directors consider that the business is a going concern and that it is appropriate to prepare the financial statements on a going concern basis. In reaching this conclusion, the Directors have assessed the Group's current performance and position and factors that may affect the Group's future prospects.

The Group's financial position is satisfactory despite the current trading environment. It also has in place a £3.0m overdraft facility. During the pandemic the company took a COVID-19 Large Business Interruption Loan Scheme (CLBILS) loan of £15.0m, this requires the Group to comply with certain financial covenants, these have been met during the year and since year end. The Directors have reviewed forecasts and projections and consider that the Group has adequate banking facilities and cash resources to meet its operational and capital commitments.

With the prospect of high street stores reopening following the initial success of the Government vaccine programme, we look forward to increased demand returning to our high street stores combined with maintaining the growth levels of our digital presence.

Digital performance growth combined with the satisfactory cash position gives the Directors a reasonable basis on which to satisfy themselves that the business is a going concern.

Events after the year-end

Between 2 October 2021 and the date of this report, there have been no material events that need to be reported in the financial statements. The Strategic Report, the Directors' Report and the Remuneration Report were approved by the Board.

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditor

Each Director in office at the date of approval of this report has confirmed that:

- So far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have taken all reasonable steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Approved by the Board and signed on its behalf:

Anthony Smith
Chief Executive
Date: 10 January 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOE ZONE PLC

Opinion

We have audited the financial statements of Shoe Zone plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 weeks ended 2 October 2021 which comprise the consolidated income statement, the consolidated statement of total comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity and the related 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 (IFRSs) 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 (United Kingdom Generally Accepted Accounting Practice).

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 2 October 2021 and of the Group's profit for the 52 weeks 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 Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's cash flow forecasts for a period of 12 months from the date of approval of these financial statements;
- Applying reasonable "worst case" sensitives to management's forecasts and assessing remaining cash headroom within those scenarios; and
- Review of results post year end to the date of approval of these financial statements and assessment against original budgets.

From our work we noted that the Group has significant cash balances and forecasts support that the Group will continue to be able to meet its liabilities as they fall due. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value and impairment of Property, plant and equipment and Right-of-use assets in relation to the store portfolio

Matter

The Group has significant property, plant and equipment and right- of- use assets in relation to the portfolio of stores it operates. The Group's assessment of the carrying value of assets relating to each store requires significant judgement, in particular regarding cash flows, growth rates and discount rates.

Response

- We obtained information on performance by store in order to assess for indication of impairment.
- We considered historical trading performance by comparing recent growth rates of both revenue and operating profit/loss by store.
- We assessed the appropriateness of the assumptions concerning growth rates and inputs to the discount rates against latest market expectations.
- We performed sensitivity analysis to determine whether an impairment would be required if costs increase at a higher than forecast rate.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements.

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the Group financial statements as a whole was set at £676,000. This has been determined with reference to the benchmark of the Group's profit before tax which we consider to be an appropriate measure for a Group of companies such as these. Materiality represents 7.5% of group profit before tax.

The materiality for the Parent Company financial statements as a whole was set at £11,000. This has been determined with reference to the benchmark of the Parent Company's loss before tax which we consider to be an appropriate measure for a parent company such as this. Materiality represents 7.5% of the parent Company loss before tax.

An overview of the scope of our audit

We adopted a risk based audit approach. We gained a detailed understanding of the Group's business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows:

Our Group audit scope focused on the Group's principal trading subsidiary, Shoe Zone Retail Limited, which was subject to a full scope audit. Together with the parent company and its group consolidation, which was also subject to a full scope audit, these entities represent the principal business units of the Group and account for 100% of the Group's revenue, 100% of the Group's profit before tax and 97% of the Group's total assets. In performing our testing we utilised performance materiality of £575,000, equating to 85% of materiality.

In order to address the matters described in the Key audit matters section we performed focused audit procedures over these areas, including reference to external market data and publicly available market information in relation to assumptions used.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group or Parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 24, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities,including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focused on key laws and regulations the Group has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom, and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

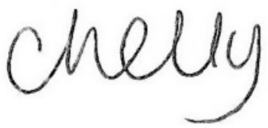
- Obtaining an understanding of the legal and regulatory framework applicable to the Group and the parent company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework, being international accounting standards in conformity with the Companies Act 2006;
- Obtaining an understanding of how the Group is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes;
- Obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- Obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- Designing our audit procedures to respond to our risk assessment; and
- Performing audit testing over the risk of management override of controls, our audit procedures involved:
    - testing of journal entries and other adjustments for appropriateness, with a focus on manual journals including those with unusual account combinations and those posted directly to the consolidation that increased revenue or that reclassified costs from the profit and loss account to the balance sheet;
    - evaluating the business rationale of significant transactions outside the normal course of business;
    - challenging assumptions and judgements made by management in its significant accounting estimates, specifically those in relation to the dilapidation provision, the defined benefit pension scheme deficit and the value of the derivative financial instruments.
    - including testing of journal entries with a focus on material manual journals and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias, specifically in relation to the dilapidation provisions, the defined benefit pension scheme deficit and the value of the derivative financial instruments.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult that detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statement, the less likely we could become aware of it.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations through the following:
    - Understanding of, and practical experience with, audit engagement of a similar nature and complexity, though appropriate training and participation; and
    - Knowledge of the industry in which the client operates.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOE ZONE PLC

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

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Catherine Kelly (Senior Statutory Auditor)
For and on behalf of Cooper Parry Group Limited
Chartered Accountants and Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 10 January 2022

CONSOLIDATED INCOME STATEMENT FOR THE 52 WEEKS ENDED 2 OCTOBER 2021

	Note	**52 weeks ended 2 October 2021**	52 weeks ended 3 October 2020
		£'000	£'000
Revenue	4, 8	**119,142**	122,568
Cost of sales	5	**(86,667)**	(117,332)
Gross profit		**32,475**	5,236
Administration expenses	5	**(16,962)**	(13,928)
Distribution costs	5	**(4,499)**	(4,018)
Profit/(Loss) from operations		**11,014**	(12,710)
Finance income	9	**-**	10
Finance expense	9	**(1,558)**	(1,901)
Profit/(Loss) before taxation		**9,456**	(14,601)
Taxation	10	**(2,442)**	2,698
Profit/(Loss) attributable to equity holders of the parent		**7,014**	(11,903)
Profit/(Loss) Earnings per Share – basic and diluted	28	**14.03p**	(23.81p)

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 2 OCTOBER 2021

	Note	**52 weeks ended 2 October 2021**	52 weeks ended 3 October 2020
		£'000	£'000
Profit/(Loss) for the period		**7,014**	(11,903)
Items that will not be reclassified subsequently to the income statement			
Remeasurement losses on defined benefit pension scheme	25	**3,379**	(2,114)
Movement in deferred tax on pension schemes	21	**761**	899
Items that will be reclassified subsequently to the income statement			
Fair value movements on cash flow hedges		**(190)**	(2,124)
Tax on cash flow hedges		**56**	363
Other comprehensive income / (expense) for the period		**4,006**	(2,976)
Total comprehensive income for the period attributable to equity holders of the parent		**11,020**	(14,879)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 2 OCTOBER 2021

Registered Number : 08961190

	Note	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
Assets			
Non-current assets		**£'000**	£'000
Property, plant and equipment	12	**14,227**	16,967
Right of use assets	13	**30,884**	42,387
Deferred tax asset	21	**3,220**	5,617
Total non-current assets		**48,331**	64,971
Current assets			
Inventories	14	**25,131**	26,698
Trade and other receivables	15	**5,457**	2,735
Cash and cash equivalents	26	**19,015**	13,266
Total current assets		**49,603**	42,699
Total assets		**97,934**	107,670
Current liabilities			
Trade and other payables	17	**(16,440)**	(17,316)
Lease liabilities	13	**(17,035)**	(19,914)
Derivative financial liability	16	**(591)**	(105)
Bank Loan	18	**(4,400)**	(1,944)
Provisions	19	**(1,698)**	(1,471)
Corporation tax liability		**(773)**	(137)
Total current liabilities		**(40,937)**	(40,887)
Non-current liabilities			
Lease liabilities	13	**(25,942)**	(37,475)
Bank Loan	18	**-**	(5,056)
Provisions	19	**(1,728)**	(1,260)
Employee benefit liability	25	**(5.909)**	(10,594)
Total non-current liabilities		**(33,579)**	(54,385)
Total liabilities		**(74,516)**	(95,272)
Net assets		**23,418**	12,398
Equity attributable to equity holders of the company			
Called up share capital	22	**500**	500
Merger reserve		**2,662**	2,662
Cash flow hedge reserve		**(250)**	(116)
Retained earnings		**20,506**	9,352
Total equity and reserves		**23,418**	12,398

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

Anthony Smith, Chief Executive, Date: 10 January 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 2 OCTOBER 2021

	Share capital	Merger reserve	Cash flow hedge reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 6 October 2019	500	2,662	1,645	22,470	27,277
Loss for the year	-	-	-	(11,903)	(11,903)
Defined benefit pension movements	-	-	-	(2,114)	(2,114)
Cash flow hedge movements	-	-	(2,124)	-	(2,124)
Deferred tax on other comprehensive income	-	-	363	899	1,262
Total comprehensive income for the period	-	-	(1,761)	(13,118)	(14,879)
Dividends paid during the year (note 11)	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
At 3 October 2020	500	2,662	(116)	9,352	12,398
Impact on transition to IFRS 16 (note 13)	-	-	-	-	-
At 4 October 2020	500	2,662	(116)	9,352	12,398
Profit for the year	-	-	-	7,014	7,014
Defined benefit pension movements	-	-	-	3,379	3,379
Cash flow hedge movements	-	-	(190)	-	(190)
Deferred tax on other comprehensive income	-	-	56	761	817
Total comprehensive income for the period	-	-	(134)	11,154	11,020
Dividends paid during the year (note 11)	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
At 2 October 2021	**500**	**2,662**	**(250)**	**20,506**	**23,418**

Share capital comprises the nominal value of shares subscribed for.

The merger reserve has arisen as a result of the application of merger accounting to the group reorganisation on 26 March 2014.

The cash flow hedge reserve comprises of gains/losses arising on the effective portion of hedging instruments and is carried at fair value in a qualifying cash flow hedge.

Retained earnings are all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 52 WEEKS ENDED 2 OCTOBER 2021

	Note	**52 weeks ended 2 October 2021**	52 weeks ended 3 October 2020
		£'000	£'000
Operating activities			
(Profit/(Loss) after tax		**7,014**	(11,903)
Corporation tax		**2,442**	(2,698)
Finance income		**-**	(10)
Finance expense		**1,558**	1,901
Depreciation of property, plant and equipment	12	**3,144**	3,545
Fixed asset impairment and loss on disposal of property, plant and equipment	12	**1,001**	4,642
Right-of-use asset profit on disposal, depreciation and impairment	13	**15,860**	23,998
Pension contributions paid	25	**(1,500)**	(1,466)
		29,519	18,009
Increase in trade and other receivables	15	**(2,722)**	(810)
Decrease in foreign exchange contract	16	**486**	336
Decrease in inventories	14	**1,567**	2,184
Decrease in trade and other payables	17	**(816)**	(5,498)
Increase in provisions	19	**694**	1,646
		(791)	(2,142)
Cash generated from operations		**28,728**	15,867
Net corporation tax paid	10	**1,353**	(283)
Net cash flows from operating activities		**30,081**	15,584
Investing activities			
Purchase of property, plant and equipment	12	**(1,405)**	(2,809)
Interest received		**-**	10
Net cash used in investing activities		**(1,405)**	(2,799)
New secured loan repayable by instalments	18	**-**	10,000
Repayments of secured loan	18	**(2,600)**	(3,000)
Capital element of lease repayments		**(20,037)**	(17,719)
Interest paid		**(290)**	(217)
Dividends paid during the year	11	**-**	-
Net cash used in financing activities		**(22,927)**	(10,936)
Net increase in cash and cash equivalents		**5,749**	1,849
Cash and cash equivalents at beginning of period		**13,266**	11,417
Cash and cash equivalents at end of period	26	**19,015**	13,266

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 2 OCTOBER 2021

1. ACCOUNTING POLICIES

General information

Shoe Zone plc (the 'Company') is a public company incorporated and domiciled in England and Wales. The registered office is at Haramead Business Centre, Humberstone Road, Leicester, LE1 2LH. The registered number of the Company is 08961190.

The Company and its subsidiaries' (collectively the Group) principal activity is footwear retailing.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied for the 52 weeks ended 2 October 2021.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ('adopted IFRSs') and those parts of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRS.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, as modified for the revaluation of certain financial assets and financial liabilities at fair value.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

1. ACCOUNTING POLICIES CONTINUED

Basis of consolidation

The consolidated financial statements incorporating the financial statements of Shoe Zone plc and its subsidiary undertakings are all made up to 2 October 2021. The results for all subsidiary companies are consolidated using the acquisition method of accounting.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ('the Group') as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Going Concern

The Directors consider that the business is a going concern and that it is appropriate to prepare the financial statements on a going concern basis. In reaching this conclusion, the Directors have assessed the Group's current performance and position and factors that may affect the Group's future prospects.

The Group's financial position is strong with healthy positive cash balances. It also has in place a £3.0m overdraft facility. During the pandemic the Group, in the prior year, took a CLBILS loan of £12.0m, this requires the Group to comply with certain financial covenants, these have been met during the year and since year end. The Directors have reviewed forecasts and projections and consider that the Group has adequate banking facilities and cash resources to meet its operational and capital commitments.

1. ACCOUNTING POLICIES CONTINUED

Assets under construction

Whilst held under assets under construction, no depreciation is charged on the assets. Once the project is completed, the asset will be transferred to the correct fixed asset category.

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed in conjunction with an independent third party for impairment when there is an indication that assets might be impaired. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets in which the asset belongs for which there are separable identifiable cash flows).

Impairment charges are included in the consolidated income statement in cost of sales, except to the extent they reverse previous gains recognised in the consolidated statement of total comprehensive income.

Inventories

Inventories are initially recognised at cost on a first in first out basis, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial assets

The Group classified its financial assets into the categories, discussed below, due to the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Loans and receivables

Loans and receivable assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents included within the consolidated statement of financial position.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Group classified its financial liabilities as other financial liabilities which include the following:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Bank loan – external loan which is valued at its amortised cost and incurs interest.
- Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Derivative financial instruments and hedging activities

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge.

- For cash flow hedges, the hedged item in a forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.
- The cumulative change in the fair value of the hedging instrument is expected to be between 80-125% of the cumulative change in the fair value or cash flows of the hedged item attributable to the risk hedged (i.e. it is expected to be highly effective).
- The effectiveness of the hedge can be reliably measured.
- The hedge remains highly effective on each date tested. Effectiveness is tested quarterly.

The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially measured at fair value and subsequently remeasured at fair value. The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in cost of sales in the income statement.

Amounts accumulated in equity are reclassified to inventories in the period when the purchase occurs, matching the hedged transaction. The cash flows are expected to occur and impact on profit and loss within 12 months from the year end.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in equity is retained in equity and is recognised when the forecast transaction is ultimately recognised in cost of sales in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets are offset when the Group has legally enforceable rights to set off current tax assets against current tax liabilities and the deferred tax liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend to either settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Provisions

Provision for dilapidations is made at the best estimate of the expenditure required to settle the obligation at the reporting date, where material, discounted at the pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. A dilapidation provision is only recognised on those properties which are likely to be exited. Where such property is identified the full costs expected are recognised. This provision relates to the liability of 'wear and tear' incurred on the leasehold properties and does not include any removal of shop refits as experience indicates that liabilities do not arise for removal of shop refits. Dilapidations are not included in IFRS 16 as they relate to 'wear and tear' and not structural alterations to the buildings.

Foreign exchange

Transactions entered into the Group entities in a currency other than the functional currency are recorded at the average monthly rate prevailing during the period. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date.

Foreign exchange differences are recognised in the Income statement.

Retirement benefits – defined contribution and benefit schemes

The Group operates both defined benefit and defined contribution funded pension schemes. The schemes are administered by trustees and are independent of the Group.

Contributions to defined contribution schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Defined benefit scheme surpluses and deficits are measured at:

- the fair value of plan assets at the reporting date; less
- plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- unrecognised past service costs; less
- the effect of minimum funding requirements agreed with scheme trustees.

Re-measurements of the net defined obligation are recognised directly within equity. These include actuarial gains and losses, return on plan assets (interest exclusive) and any asset ceilings (interest exclusive).

Service costs are recognised in the income statement, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in the income statement, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailments are recognised immediately in the Income Statement

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Reclassification of costs

The Directors have made the decision to re-categorise digital related postage charges. In 2021, and going forward, these will be reported within cost of sales. In 2020 costs of approximately £2,877,000 were previously reported in distribution costs. There is no impact on the profit and loss for the year.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final and special dividends, this is when approved by the shareholders at the AGM.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Shoe Zone plc Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 discussed below.

Accounting estimates and assumptions

Retirement benefits:

The Groups' defined benefit schemes' pension surplus/obligation, which is assessed each period by actuaries, is based on key assumptions including discount rates, mortality rates, inflation, future salary costs and pension costs. These assumptions, individually or collectively, may be different to actual outcomes; refer to note 25 for further details.

Estimated impairment of store assets:

The Group tests whether store assets have suffered any impairment in accordance with the accounting policies stated in note 1. The recoverable amount of cash-generating units is determined on a value-in-use calculation. The method requires an estimate of future cash flows and the selection of a suitable discount rate in order to calculate the net present value of cash flows. The Group has performed a sensitivity analysis on the impairment tests for its store portfolio using various reasonably possible scenarios. An increase of three percentage points in the post-tax discount rate would have resulted in no increase to the impairment charge. A decrease of one percentage point in the growth rate after year three would have resulted in no increase to the impairment charge.

Estimated useful life of property, plant and equipment:

At the date of capitalising property, plant and equipment, the Group estimates the useful life of the asset based on management's judgement and experience. Due to the significance of capital investment to the Group, variances between actual and estimated useful economic lives could impact results both positively and negatively, see note 12.

Judgements

Foreign currency hedge accounting:

Group policy is to adopt hedge accounting for cash flows for the purchase of goods for resale. Due to the degree of judgement in determining forecast cash flows there is a risk that the assumptions made in the effectiveness testing are inappropriate.

Discount rate - The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 2 October 2021 was 1.82% and was 1.82% at 3 October 2020. If the discount rate was changed by 1% this would result in an increase of liabilities in excess of £690,000.

3. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group reports in Pound Sterling. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Group does use forward currency contracts to mitigate foreign exchange risk. The Group does not issue or use financial instruments of a speculative nature.

The Group is exposed to the following financial risks:

- credit risk;
- liquidity risk; and
- foreign exchange risk.

The Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- trade and other receivables;
- cash and cash equivalents;
- forward foreign exchange contracts; and
- trade and other payables.

Fair value hierarchy

All financial instruments measured at fair value must be classified into one of the levels below:

- Level 1: Quoted prices in active markets;
- Level 2: Level 1 quoted prices are not available, but fair value is based on observable market data; and
- Level 3: Inputs that are not based on observable market data.

3. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

A summary of the financial instruments held by category is provided below:

	52 weeks ended 2 October 2021 £'000	52 weeks ended 3 October 2020 £'000
Financial assets		
Financial assets at amortised cost		
Trade receivables	**467**	582
Other receivables	**1,579**	690
Cash and cash equivalents	**19,015**	13,266
Total receivables and cash	**21,061**	14,538
Financial assets at fair value through profit or loss	**(261)**	34
Financial assets at fair value through other comprehensive income	**590**	(139)
Total financial assets	**21,390**	14,433

	52 weeks ended 2 October 2021 £'000	52 weeks ended 3 October 2020 £'000
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**16,440**	17,316
Financial liabilities at fair value through other comprehensive income		
Financial liabilities at fair value through profit and loss	**-**	-
Financial liabilities at fair value through other comprehensive income	**591**	
Total financial liabilities	**17,031**	17,421

3. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 2 October 2021 and 3 October 2020.

Trade and other receivables are measured at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated income statement in the relevant period.

Cash and cash equivalents are held in Pound Sterling and placed on deposit in UK banks.

Trade and other payables are measured at amortised cost.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations. At 2 October 2021 the Group has trade receivables of £467,000 (2020: £582,000).

£197,000 of the balance is monies due from on-line sales with a further £153,000 in respect of longstanding prepaid gift card providers. The remainder is balances owing from sub-let properties and charges due from a number of suppliers. All trade debtors are expected to be recoverable within 3 months.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 2 October 2021 and previously and consequently no provisions have been made for bad and doubtful debts.

All cash balances and derivative financial instruments are held with reputable banks and service providers and the Board monitors its exposure to counterparty risk on an on-going basis.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days. The Company has an overdraft facility of £3m and has taken advantage of a CLBILS loan (see note 18).

Trade payables are repayable within 3 months. The Group prepares and maintains detailed cash flow forecasts to monitor cash requirements and manage liquidity risk.

3. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 2 October 2021	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade and other payables	**16,440**	-	-	-	-
Total financial liabilities	**16,440**	-	-	-	-

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 3 October 2020	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade and other payables	17,316	-	-	-	-
Total	17,316	-	-	-	-

Foreign exchange risk

The Group is predominantly exposed to foreign exchange risk on purchases from major suppliers based in the Far East. Purchases are made on a central basis and the risk is mitigated through using forward foreign currency exchange contracts.

The fair value of forward foreign exchange contacts has been determined based on discounted market forward currency exchange rates at the balance sheet date.

Foreign Currency: Sensitivity Analysis

A sensitivity rate of 10% represents the Directors' reasonable assessment of a possible change, based on historic volatility.

The analysis assumes that exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge relationship affect the fair value reserve in equity and the fair value of the hedging derivatives. For foreign exchange derivatives which have ceased to have a hedging relationship, these movements in exchange rates impact the income statement.

Positive figures represent an increase in profit or equity.

3. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

	Income Statement		Equity	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Sterling strengthens by 10%	**521**	379	**1,701**	5,033
Sterling weakens by 10%	**(224)**	(463)	**(1,692)**	(6,151)

Year-end exchange rates applied in the above analysis are US Dollar 1.34 (2020: 1.29). Strengthening and weakening of Sterling may not produce symmetrical results depending on the proportion and nature of foreign exchange derivatives which cease to qualify for hedge accounting.

Interest rate risk

The Group is exposed to interest rate risk which is managed centrally. The Group reviews the exposure periodically and will manage its interest rate risk by reviewing appropriate facilities.

Capital management

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

The Group's capital is made up of share capital, merger reserve, cash flow hedge reserve and retained earnings totalling £23,418,000 (3 October 2020: £12,398,000).

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are planned to be financed from existing cash resources whenever possible.

4. REVENUE

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Revenue arises from:		
Sales of goods	**119,142**	122,568

5. EXPENSES BY NATURE

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Inventories recognised as an expense	**46,268**	47,598
Employee benefit expenses	**28,691**	33,054
Depreciation and impairment charge of property, plant and equipment	**3,571**	7,695
Depreciation of right of use assets	**15,234**	24,112
Rentals under operating leases:		
Land and buildings	**827**	1,303
Other	**44**	82
Loss on disposal of property, plant and equipment	**733**	526
Loss / (Profit) on disposal of Right of Use Assets	**1,394**	(113)
Administration expenses	**3,456**	12,378
Gain on Foreign Exchange	**(111)**	(30)
Other costs	**8,021**	8,673
	108,128	135,278

6. AUDITOR'S REMUNERATION

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
The audit of the parent company	**10**	10
Audit of subsidiary financial statements pursuant to legislation	**53**	55
Other services	**-**	5
	63	65

7. EMPLOYEE BENEFIT EXPENSES

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	**26,243**	30,534
Social security costs	**1,530**	1,614
Other pension costs	**918**	906
	28,691	33,054

Wages and salaries in 2021 incudes the benefit of furlough income £6,142,651 (2020: £5,039,000).

The average monthly number of employees during the year was as follows:

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	No.	No.
Sales and distribution	**2,819**	3,275
Directors	**6**	6
Administration	**136**	147
	2,961	3,428

The average monthly number of full time equivalent employees during the period was 1,487 (2020: 1,698).

Shoe Zone plc does not employ any members of staff and has no staff costs during the year (2020: Nil).

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Directors' remuneration, included in staff costs:		
Salaries and benefits	**1,135**	851
Pension contributions	**8**	12
	1,143	863
Information regarding the highest paid Director is as follows:		
Salary and benefits	**561**	393
	561	393

8. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the management team including the Chairman, Chief Executive and Finance Director.

The Board considers that each store is an operating segment but there is only one reporting segment as the stores qualify for aggregation, as defined under IFRS 8.The Directors now consider Digital to be its own operating segment. Management reviews the performance of the Group by reference to total results against budget. The total profit measures are operating profit and profit for the year, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial statements.

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Revenue		
United Kingdom stores	**87,420**	100,098
Digital	**30,499**	19,296
Republic of Ireland stores	**674**	2,678
Other	**549**	496
	119,142	122,568

There are no customers with turnover in excess of 10% or more of total turnover.

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Non-current assets by location:		
United Kingdom	**45,111**	59,349
Republic of Ireland	**-**	5
	45,111	59,354

Digital non-current and current assets have not been disclosed due to the immaterial value. The contribution is £8.5m (2020: £4.6m)

The Group has only one operating and reporting segment which reflects the Group's management and reporting structure as viewed by the board of directors.

The deferred tax asset of £3,220,000 (2020: £5,617,000) is unallocated.

9. FINANCE INCOME AND EXPENSES

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Finance income		
Interest receivable	**-**	10
Total finance income	**-**	10
Finance expense		
Interest expense on lease liability	**(1,268)**	(1,684)
Net interest expense on defined benefit pension scheme	**(148)**	(163)
Loan interest	**(147)**	(50)
Other finance expense	**5**	(4)
Total finance expense	**(1,558)**	(1,901)

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 2 OCTOBER 2021 CONTINUED

10. INCOME TAX

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Current tax expense		
Current tax on profit for the year	**652**	-
Adjustment for (over) provision in prior years	**(1,425)**	(20)
Total current tax / (credit)	**(773)**	(20)
Deferred tax expense		
Adjustment for under / (over) provision in prior years	**1,240**	(994)
Effect of tax rate changes	**641**	-
Origination and reversal of temporary differences (note 21)	**1,334**	(1,684)
Taxation charge / (credit)	**2,442**	(2,698)

The reason for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to profit for the period is as follows:

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
(Loss)/Profit for the period	**7,014**	(11,903)
Income tax expense	**2,442**	(2,698)
(Loss)/Profit before income taxes	**9,456**	(14,601)
Expected tax charge based on corporation tax rate of 19% (03 October 2020: 19%)	**1,799**	(2,774)
Expenses not deductible for tax purposes	**187**	956
Effective change of rate	**641**	134
Adjustments to tax charge in respect of previous period	**(185)**	(1,014)
Total tax charge / (credit)	**2,442**	(2,698)

Factors that may affect future tax charges: on 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1st April 2023. This was substantively enacted on 24 May 2021. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the balance sheet date. As such, the deferred tax rate applicable at 2 October 2021 is 25% and deferred tax has been re-measured at this rate.

11. DIVIDENDS

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Dividends paid during the year at Nil (2020: Nil) per share	**Nil**	Nil

No final dividend is proposed for shareholders on the register (2020: Nil) per share. .

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold and long leasehold properties	Short leasehold and leasehold improvements	Motor vehicles	Fixtures and fittings	Assets under construction	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost						
At 5 October 2019	6,249	20,680	114	37,510	360	64,913
Additions	-	590	-	2,219	-	2,809
Disposals	-	(1,485)	-	(1,943)	-	(3,428)
Impairments	(2,447)	-	-		-	(2,447)
Assets under construction	-	125	-	235	(360)	-
At 3 October 2020	3,802	19,910	114	38,021	-	61,847
Additions	-	248	385	772	-	1,405
Disposals	(248)	(1,371)	-	(2,005)	-	(3,624)
Impairments	-	-	-	-	-	-
Assets under construction	-	-	-	-	-	-
At 2 October 2021	**3,554**	**18,787**	**499**	**36,788**	**-**	**59,628**
Depreciation						
At 5 October 2019	1,123	14,512	25	27,110	-	42,770
Charge for the year	54	1,043	22	2,426	-	3,545
Disposals	-	(1,335)	-	(1,819)	-	(3,154)
Impairments	-	717	-	1,002	-	1,719
At 3 October 2020	1,177	14,937	47	28,719	-	44,880
Charge for the year	53	925	50	2,116	-	3,144
Disposals	(124)	(1,211)	-	(1,715)	-	(3,050)
Impairments	-	285	-	142	-	427
At 2 October 2021	**1,106**	**14,936**	**97**	**29,262**	-	**45,401**
Net book value						
At 2 October 2021	**2,448**	**3,851**	**402**	**7,526**	**-**	**14,227**
At 3 October 2020	2,625	4,973	67	9,302	-	16,967
At 5 October 2019	5,126	6,168	89	10,400	360	22,143

13. LEASES

The majority of the Company's trading stores are leased under operating leases. The Group also has a number of non-property operating leases relating to vehicles and an item of equipment in the Distribution Centre.

Information about leases for which the Company is a lessee is presented below:

	Property	**Motor vehicles and equipment**	Total
	£'000	**£'000**	£'000
Cost			
Balance at 3 October 2020	64,804	1,403	66,207
Additions	4,348	12	4,360
Disposals	(29,329)	(547)	(29,876)
At 2 October 2021	**39,823**	**868**	**40,691**
Depreciation			
Balance at 3 October 2020	23,299	521	23,820
Charge for the year	14,857	377	15,234
Disposals	(30,734)	(533)	(31,267)
Impairment	2,020	-	2,020
At 2 October 2021	**9,442**	**365**	**9,807**
Net book value			
At 3 October 2021	**30,381**	**503**	**30,884**
At 3 October 2020	41,505	882	42,387

13. LEASES CONTINUED

The Group costs for those leases for which the practical expedient was applied described in Accounting Policies: IFRS 16 Leases, amounted to £130,000 in the 52 weeks ended 2 October 2021.

The table below sets out the maturity analysis of future lease payments:

Maturity analysis – contracted undiscounted cash flows	**52 weeks ended 2 October 2021**	52 weeks ended 3 October 2020
	£'000	£'000
Less than one year	**16,345**	16,660
Between one and five years	**21,759**	32,454
More than five years	**3,760**	6,986
Total undiscounted lease liabilities	**41,864**	56,100
Carrying value of lease liabilities included in balance sheet	**42,977**	57,389
Current	**17,035**	19,914
Non-current	**25,942**	37,475

Operating Leases

The Group has a number of stores on short-term rental and a small number of outlets where a subsection are sublet to third parties at a contracted rate. The Group has classified these leases as operating leases because they do not transfer substantially all the risks and rewards of the right-of-use-asset.

In line with IAS36 the carrying value of the right-of-use-asset is assessed for impairment and booked where necessary. See note 23.

14. INVENTORIES

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Goods for resale	**24,608**	26,295
Shop fitting materials and other consumables	**523**	403
	25,131	26,698

15. TRADE AND OTHER RECEIVABLES

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Trade receivables	**467**	582
Prepayments	**3,411**	1,463
Other receivables	**1,579**	690

There are no impairment provisions or receivables past due in either year.

16. DERIVATIVE FINANCIAL INSTRUMENTS

At the balance sheet date, details of the forward foreign exchange contracts that the Group has committed to are as follows:

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Derivative financial assets/liability		
Derivatives not designated as hedging instruments	**(261)**	34
Derivatives designated as hedging instruments	**(330)**	(139)
	(591)	(105)

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated statement of financial position.

The notional principal amounts of outstanding forward foreign exchange contracts at 2 October 2021 were $27,750,000 (3 October 2020: $71,250,000). The fair value of the forward foreign exchange contracts are within the level 2 of the fair value hierarchy and have been valued on the basis of observable market data. The key input into the valuation is market rates of financial instruments at the reporting date.

17. TRADE AND OTHER PAYABLES

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Current		
Trade payables	**7,284**	6,401
Social security and other taxes	**2,517**	440
Other payables and finance lease liability	**210**	426
Accruals	**6,429**	10,049
	16,440	17,316

18. LOANS

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Amounts falling due within one year		
Bank Loans	**4,400**	1,944
Amounts falling due within 1-2 years		
Bank loans	**-**	2,333
Amounts falling due within 2-5 years		
Bank loans	**-**	2,723
	4,400	7,000

The bank loan is provided by National Westminster Bank plc under their COVID-19 Large Business Interruption Scheme. The loan monthly payments are £400,000 ending in August 2022. Interest rates increased from May 2021 with the loan now subject to a rate of 1.72% over base.

National Westminster Bank plc holds a fixed and floating charge over the Group's property and assets.

19. PROVISIONS

	Customer Returns £'000	Dilapidations £'000	Total £'000
As at 3 October 2020	28	2,703	2,731
Additions	(9)	1,689	1,680
Amounts utilised	(28)	(49)	(77)
Amounts released	-	(908)	(908)
As at 2 October 2021	**(9)**	**3,435**	**3,426**

The provisions are aged as follows:

	Customer Returns £'000	Dilapidations £'000	Total £'000
Current	(9)	1,707	1,698
Non-current	-	1,728	1,728
As at 2 October 2021	**(9)**	**3,435**	**3,426**

For all products, the Group has incurred an obligation to exchange the item if it is faulty due to a lack of quality or give the client a refund if they are not satisfied. Revenue from the sale of the products is recognised once the product is sold, however, a provision for customer returns based on previous experience is recognised at the same time.

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

20. CONTINGENT LIABILITIES

Shoe Zone plc and its subsidiary undertakings have given a duty deferment guarantee in favour of HM Revenue and Customs amounting to £800,000 (3 October 2020: £800,000).

21. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (3 October 2020: 19%).

The movement on the deferred tax account is as shown below:

	52 weeks ended 2 October 2021 £'000	52 weeks ended 3 October 2020 £'000
At beginning of the year	**5,617**	1,677
Recognised in income statement:		
Tax expense (note 10)	**(3,214)**	2,678
Recognised in other comprehensive income:		
Actuarial gain / loss on defined benefit pension schemes	**761**	899
Cashflow hedge	**56**	363
At end of the period	**3,220**	5,617

The deferred tax has arisen due to the following:	**52 weeks ended 2 October 2021 £'000**	52 weeks ended 3 October 2020 £'000
Accelerated capital allowances	**1,624**	1,361
Ineligible buildings	**(675)**	(540)
Short term timing differences	**83**	26
Derivatives	**65**	-
Loss for the financial year	**-**	2,126
IFRS 16 Leases	**646**	631
Defined benefit pension scheme	**1,477**	2,013

The Group has an unrecognised deferred tax asset £3,220,000 as at 2 October 2021 (3 October 2020: £5,617,000).

There are estimated losses available to offset against future capital taxable profits amounting to approximately £nil (3 October 2020: £11,000,000).

22. SHARE CAPITAL

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Share capital issued and fully paid		
50,000,000 ordinary shares of 1p each	**500**	500
	500	500

Ordinary shares carry the right to one vote per share at general meetings of the company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

23. LEASES

Operating leases – lessee

The Shoe Zone plc Group has entered into commercial leases on land and buildings. These leases have an average life of between five and ten years. There are no restrictions placed on the Shoe Zone plc Group by entering into these leases. The total future minimum lease payments under non-cancellable operating leases for land and buildings and other items of plant and machinery are as follows:

	Property	Property
	2 October 2021	3 October 2020
	£'000	£'000
Expense relating to short-term leases	**130**	292
Expense relating to variable lease payments	**-**	29
	130	321

The majority of leases are now included within IFRS 16 (note 13).

23. LEASES CONTINUED

Finance leases

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Shoe Zone plc Group (a 'finance lease'), the asset is treated as if it had been purchased outright.

The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between interest and capital. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

	Motor Vehicle	Motor Vehicle
	2 October 2021	3 October 2020
	£'000	£'000
Not later than one year	**14**	16
Later than one year and not later than five years	**36**	48
Later than five years	**-**	-
	50	64

Finance leases are secured on the assets to which they relate to. The net book value of assets held under finance lease is £46,000 (2020: £62,000).

24. CAPITAL COMMITMENTS

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Contracted for but not provided	**Nil**	Nil

25. PENSION COSTS

Defined contribution scheme

The Group operates a defined contribution pension scheme namely Shoe Zone Worksave Pension Plan, and contributions amounted to £918,000 (03 October 2020: £906,000).

Defined benefit scheme

The Group operates two other pension schemes in the UK: the Shoe Zone Pension Scheme and the Shoefayre Limited Pension and Life Assurance Scheme. The Shoe Zone Pension Scheme provided benefits on a defined benefit basis for service up to 30 September 2001. For service after that date, benefits are provided on a defined contribution basis. The Shoefayre Limited Pension and Life Assurance Scheme provided benefits on a defined benefit basis but was closed to future accrual on 30 June 2009. The scheme was acquired on the purchase of Shoefayre Limited on 19 September 2007. The assets of all schemes are held in separate trustee administered funds. There have been no contributions to the scheme this year, last year was also nil.

The schemes are exposed to a number of risks, including:

- Investment risk: movement of discount rate used (high quality corporate bonds) against the return from plan assets,
- Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation,
- Longevity risk: changes in the estimation of mortality rates of current and former employees.

Amounts recognised in the balance sheet at 2 October 2021

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Fair value of assets	**89,608**	87,850
Present value of funded obligations	**(89,594)**	(94,724)
Impact of asset ceiling	**(5,923)**	(3,720)
Deficit	**(5,909)**	(10,594)

25. PENSIONS CONTINUED

Amounts recognised in other comprehensive income

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Return on plan assets	**2,183**	1,360
Actuarial gains arising from changes in:		
Demographic assumptions	**(826)**	277
Financial assumptions	**4,173**	(4,293)
Experience losses	**-**	-
Total actuarial gain / (losses)	**3,347**	(4,016)
Impact of asset ceiling	**(2,151)**	542
Deferred tax on employee benefit scheme	**761**	899
Total amount recognised in other comprehensive income	**4,140**	(1,215)

25. PENSIONS CONTINUED

The following figures are based on a full actuarial valuation performed in April 2019 and March 2019 for the Shoe Zone and Shoefayre schemes respectively which was carried out by a qualified independent actuary. This actuarial valuation has been updated to 2 October 2021 for the purpose of calculating the pension deficit and disclosures in the current year.

Post retirement mortality

	2 October 2021	3 October 2020
Life expectancy	**Years**	Years
Male currently aged 45	**88.8**	88.7
Female currently aged 45	**90.5**	90.4
Male currently aged 65	**87.0**	86.9
Female currently aged 65	**89.0**	88.9

Financial assumptions

	2 October 2021	3 October 2020
	%	%
Deferred pension revaluation - Shoe Zone Scheme	**3.10**	2.40
Deferred pension revaluation - Shoefayre Scheme	**2.95**	2.40
Pension increases	**3.60**	3.10
Discount rate	**1.95**	1.40
Consumer Price Index - Shoe Zone Scheme	**3.10**	2.40
Consumer Price Index - Shoefayre Scheme	**2.95**	2.40
Retail Price Index	**3.80**	3.20

The weighted average duration of the defined benefit obligation for the Shoe Zone scheme at 2 October 2021 is 14 years (3 October 2020: 14 years).

The weighted average duration of the defined benefit obligation for the Shoefayre scheme at 2 October 2021 is 16 years (3 October 2020: 16 years).

25. PENSIONS CONTINUED

Defined benefit scheme - Shoe Zone Pension Scheme Assets

Assets

The Shoe Zone Pension Scheme provided benefits on a defined benefit basis for service up to 30 September 2001. For service after that date, benefits are provided on a defined contribution basis.

The major categories of assets as a percentage of total assets are as follows:

Asset category	**52 weeks ended 2 October 2021**	52 weeks ended 3 October 2020
	£'000	£'000
Equities	**19%**	17%
Property	**0%**	0%
Gilts/bonds	**18%**	17%
Cash	**15%**	11%
Diversified Growth Funds	**26%**	33%

The actual return on the Scheme's assets net of expenses over the year to the review date was a gain of £561,000 (3 October 2020: £2,288,000).

The assets do not include any investments in shares of the Group.

The expected return on assets is a weighted average of the assumed long-term returns available on high quality corporate bonds in line with the method used to value the liabilities. Equity and property returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on the government bonds. Bond returns are selected by reference to the yields on the government and corporate debt, as appropriate to the scheme holdings of these instruments. The expected returns on the Target Return Funds are equal to the fund's targets.

25. PENSIONS CONTINUED

Amounts recognised in the income statement over the period

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Interest cost	**(680)**	(859)
Expected return on assets	**732**	934
Administration costs	**(61)**	-
Interest on asset restriction	**(52)**	(75)

Amounts recognised in the statement of financial position

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Fair value of assets	**51,874**	53,264
Present value of funded obligations	**(45,951)**	(49,544)
Surplus	**5,923**	3,720
Impact of asset ceiling	**(5,923)**	(3,720)
Net defined benefit liability	**-**	-

25. PENSIONS CONTINUED

Defined benefit scheme - Shoe Zone Pension Scheme (continued)

Amounts recognised in other comprehensive income

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Return on plan assets	**(171)**	1,354
Actuarial (loss) / gains arising from changes in:		
Demographic assumptions	**(359)**	171
Financial assumptions	**2,742**	(2,066)
Total actuarial gain / (loss)	**2,383**	(1,895)
Changes in effect of asset ceiling	**(2,151)**	542
Deferred tax on employee benefit scheme	**618**	198
Total amount recognised in other comprehensive expense	**679**	199

Reconciliation of assets and defined benefit obligation

The change in assets over the period was:

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Fair value of assets at the beginning of the period	**53,264**	52,822
Expected return on assets	**732**	934
Company contributions	**-**	46
Administration costs	**(61)**	-
Benefits paid	**(1,890)**	(1,892)
Actuarial (loss) / gain	**(171)**	1,354
Fair value of assets at the end of the period	**51,874**	53,264

25. PENSIONS CONTINUED

Defined benefit scheme - Shoe Zone Pension Scheme (continued)

The change in defined benefit obligation over the period was:

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Defined benefit obligation at the beginning of the period	**49,544**	48,635
Interest cost	**680**	859
Benefits paid	**(1,890)**	(1,892)
Actuarial loss	**2,383**	1,942
Defined benefit obligation at the end of the period	**50,717**	49,544

Sensitivity of the value placed on the liabilities:

Adjustments to assumptions	**Approximate effect on liabilities**
Discount rate	
Plus 0.50%	-7.0%
Minus 0.50%	7.0%
Inflation	
Plus 0.50%	2.0%
Minus 0.50%	-2.0%
Life Expectancy	
Plus 1.0 years	4.0%
Minus 1.0 years	-4.0%

Note that the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

25. PENSIONS CONTINUED

Defined benefit scheme - Shoefayre Limited Pension and Life Assurance Scheme

The company operates the Shoefayre Limited Pension and Life Assurance Scheme. The scheme provided benefits on a defined benefit basis but was closed to future accrual on 30 June 2009.

The major categories of assets as a percentage of total assets are as follows:

Asset Category	**52 weeks ended 2 October 2021**	52 weeks ended 3 October 2020
	£'000	£'000
Equities	**28%**	21%
Property	**0%**	0%
Gilts/bonds	**5%**	9%
Cash	**8%**	4%
Diversified Growth Funds	**42%**	44%
Liability Driven Investment	**17%**	22%
	100%	100%

The actual return on the Scheme's assets net of expenses over the year to the review date was a gain of £2,830,000 (3 October 2020: £616,000). The assets do not include any investments in shares of the company.

The expected return on assets is a weighted average of the assumed long-term returns available on high quality corporate bonds in line with the method used to value the liabilities. Equity and property returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on the government bonds. Bond returns are selected by reference to the yields on the government and corporate debt, as appropriate to the scheme holdings of these instruments. The expected returns on the Target Return Funds are equal to the fund's targets.

Amounts recognised in the statement of financial position

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Fair value of assets	**37,734**	34,586
Present value of funded obligations	**(43,643)**	(45,180)
Net liability	**(5,909)**	(10,594)

25. PENSIONS CONTINUED

Defined benefit scheme - Shoefayre Limited Pension and Life Assurance Scheme (continued)

Amounts recognised in other comprehensive income

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Gain / (loss) on plan assets	**2,354**	6
Actuarial (loss) / gains arising from changes in:		
Demographic assumptions	**(467)**	106
Financial assumptions	**1,446**	(2,227)
Total actuarial (loss) / gain	**979**	(2,121)
Deferred tax on employee benefit scheme	**143**	701
Total amount recognised in other comprehensive income	**3,476**	(1,414)

Amounts recognised in the income statement over the period

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Interest cost	**(624)**	(773)
Expected return on assets	**476**	610
	(148)	(163)

25. PENSIONS CONTINUED

Defined benefit scheme - Shoefayre Limited Pension and Life Assurance Scheme (continued)

Reconciliation of assets and defined benefit obligation

The change in assets over the period was:

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Fair value of assets at the beginning of the year	**34,586**	33,861
Expected return on assets	**476**	610
Employer contributions	**1,500**	1,420
Benefits paid	**(1,182)**	(1,311)
Actuarial gain on assets	**2,354**	6
Fair value of assets at the end of the period	**37,734**	34,586

The change in defined benefit obligation over the period was:

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Defined benefit obligation at the beginning of the period	**45,180**	43,597
Interest cost	**624**	773
Benefits paid	**(1,182)**	(1,311)
Actuarial loss on obligation	**(979)**	2,121
Defined benefit obligation at the end of the period	**43,643**	45,180

During 2021 contributions of £1,500,000 were made.

25. PENSIONS CONTINUED

Defined benefit scheme - Shoefayre Limited Pension and Life Assurance Scheme (continued)

Sensitivity of the value placed on the liabilities:

Adjustments to assumptions	Approximate effect on liabilities
Discount rate	
Plus 0.50%	-8.0%
Minus 0.50%	9.0%
Inflation	
Plus 0.50%	5.0%
Minus 0.50%	-4.0%
Life Expectancy	
Plus 1.0 years	4.0%
Minus 1.0 years	-4.0%

Note that the above sensitivities are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same.

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the statement of cash flow comprise:

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Cash at banks and in hand	**19,015**	13,266
Cash and cash equivalents	**19,015**	13,266

27. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

During the year, the Group entities entered into the following trading transactions with Group pension schemes:

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Rent paid to Zone Executive Pension Scheme	**178**	147
Contributions to the:		
Shoe Zone Worksave Pension Plan	**888**	872
Shoe Zone Pension Scheme	**-**	46
Shoefayre Limited Pension and Life Assurance Scheme	**1,500**	1,350
	2,566	2,415

During the year, the key management personnel remuneration included within staff costs are as follows:

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Short term employee benefits	**770**	851
Post-employment benefit	**8**	12
Employers national insurance	**103**	111
	881	974

Key management personnel are considered to be the Directors of Shoe Zone plc.

28. EARNINGS PER SHARE

Earnings per share is calculated by dividing profit for the year by the weighted average number of shares outstanding during the year.

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Numerator		
Profit / (loss) for the year and (Loss)/earnings used in basic and diluted EPS	**14.03p**	-

As the company recorded a loss this year the EPS is nil.

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	No.	No.
Denominator		
Weighted average number of shares used in basic and diluted EPS	**50,000,000**	50,000,000

29. ANALYSIS OF NET DEBT

	3 October 2020	Cashflows	Loan advance	Loan repayment	2 October 2021
Cash at bank and in hand	13,266	5,749	-	-	19,015
Bank loan	(7,000)	-	(5,000)	7,600	(4,400)
	6,266	**5,749**	**(5,000)**	**7,600**	**14,615**

30. ULTIMATE CONTROLLING PARTY

The company is controlled by the Smith family albeit there is not a single controlling party.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 2 OCTOBER 2021

	Note	**52 weeks ended 2 October 2021**	52 weeks ended 3 October 2020
		£'000	£'000
Fixed assets			
Investments	2	**68,644**	68,644
		68,644	68,644
Current assets			
Debtors	3	**16**	12
		16	12
Creditors: amounts falling due within one year	4	**(1,842)**	(1,695)
Net current liabilities		**(1,826)**	(1,683)
Net assets		**66,818**	66,961
Capital and reserves			
Called up share capital	5	**500**	500
Merger reserve	6	**586**	586
Profit and loss account	6	**65,732**	65,875
Total shareholders' funds		**66,818**	66,961

The Company made a loss during the year of £143,000 (2020: loss of £177,000).

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

Anthony Smith
Chief Executive
Date: 10 January 2022
Registered Number : 08961190

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 2 OCTOBER 2021

	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 5 October 2019	500	586	66,052	67,138
Profit for the period	-	-	(177)	(177)
Total comprehensive income for the period	-	-	(177)	(177)
Dividends paid during the year	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
At 3 October 2020	500	586	65,875	66,961
Loss for the period	-	-	(143)	(143)
Total comprehensive income for the period	-	-	(143)	(143)
Dividends paid during the year	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
At 2 October 2021	**500**	**586**	**65,732**	**66,818**

Share capital comprises nominal value of shares subscribed for.

The merger reserve has arisen as a result of the application of merger accounting to the group reorganisation of 26 March 2014.

Retained earnings are all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 2 OCTOBER 2021

1. ACCOUNTING POLICIES

Basis of preparation

The Company's financial year is 52 weeks ended 2 October 2021. The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Company has taken advantage of the exemption contained in Section 408(4) of the Companies Act 2006 from presenting its own profit and loss accounts. The loss dealt with in the accounts of the Company was £143,000 (3 October 2020: loss of £177,000).

The financial statements have been prepared in accordance with Financial Reporting Standard 100 'Application of Financial Reporting Requirements' and Financial Reporting Standard 101 "Reduced Disclosure Framework". The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

As permitted by FRS 101, the Company has taken advantage of all the disclosure exemptions available under that standard.

Accounting policies have been applied consistently throughout the year.

Investments

Investments held as fixed assets are stated at cost, less any provision for impairment.

The Directors review the forecast and budgets of the subsidiaries held and review any necessary impairments.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 2 OCTOBER 2021 CONTINUED

2. FIXED ASSET INVESTMENTS

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Cost	**70,586**	70,586
Impairment of investment in Castle Acres Development Limited	**(1,942)**	(1,942)

The subsidiaries of the Company, all of which have been included in the consolidated financial statements, are as follows:

Name of investment	**Place of incorporation**	**Principal activity**	**Ownership**
Castle Acres Development Limited	England & Wales	Non-trading company	100% owned by company
Shoe Zone Retail Limited	England & Wales	Trading company	100% owned by company
Zone Property Limited	England & Wales	Non-trading company	100% owned by company
Zone Group Limited	England & Wales	Non-trading company	100% owned by company
Shoe Zone (Ireland) Limited	England & Wales	Non-trading company	100% owned by Shoe Zone Retail Limited
Shoe Zone Pension Trustees Limited	England & Wales	Non-trading company	100% owned by Zone Group Limited
Shoe Fayre Pension Trustees Limited	England & Wales	Non-trading company	100% owned by Zone Group Limited
Stead & Simpson Limited	England & Wales	Non-trading company	100% owned by Zone Group Limited
Zone Footwear Limited	England & Wales	Non-trading company	100% owned by Zone Group Limited
Zone Retail	England & Wales	Non-trading company	100% owned by Zone Group Limited
Walkright Limited	England & Wales	Non-trading company	100% owned by Zone Group Limited

The registered address of all of the above subsidiaries is Haramead Business Centre, Humberstone Road, Leicester, LE1 2LH.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 2 OCTOBER 2021 CONTINUED

3. DEBTORS

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Prepayments	**8**	4
Other debtors	**8**	8
	16	12

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Amounts owing to group undertakings	**1,811**	1,660
Accruals	**31**	35
	1,842	1,695

5. SHARE CAPITAL

	52 weeks ended 2 October 2021	52 weeks ended 3 October 2020
	£'000	£'000
Allotted, called up and fully paid:		
50,000,000 ordinary shares of 1p each	**500**	500
	500	500

6. RESERVES

	Merger reserve £'000	Profit and loss account £'000
At 3 October 2020	586	65,875
Loss for the financial period	-	(143)
Dividends paid during the year	-	-
At 2 October 2021	**586**	**65,732**

7. RELATED PARTY TRANSACTIONS

Transactions between the Company and its 100% owned subsidiaries, which are related parties of the Company, are not disclosed in this note due to the advantage being taken of the exemption provided by FRS 101 'Reduced Disclosure Framework'. There have been no other related party transactions during the year.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shoe Zone plc (the 'Company') will be held at its registered office at Haramead Business Centre, Humberstone Road, Leicester, Leicestershire LE1 2LH on Tuesday, 8 March 2022 at 10.00 a.m. to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 10 will be proposed as ordinary resolutions and Resolutions 11 to 13 will be proposed as special resolutions.

1. To receive and adopt the Company's annual accounts for the financial year ended 2 October 2021 and the associated reports of the Directors of the Company and the auditors of the Company.

2. To re-elect Charles Smith as a Director.

3. To re-elect Anthony Smith as a Director.

4. To re-elect Terry Boot as a Director.

5. To re-elect Malcolm Collins as a Director.

6. To re-elect Victoria Norrish as a Director.

7. To re-appoint Cooper Parry Group Limited as auditors of the Company to hold office from the conclusion of the annual general meeting until the conclusion of the annual general meeting of the Company to be held in 2023.

8. To authorise the Directors of the Company to determine the remuneration of Cooper Parry Group Limited as auditors of the Company.

9. That, in accordance with section 366 of the Companies Act 2006 (the '**Act**'), the Company and its subsidiaries be and are hereby authorised, in aggregate, to:

   (a) make political donations to political parties and/or independent election candidates, not exceeding £50,000 in total;

   (b) make political donations to political organisations other than political parties, not exceeding £50,000 in total; and

   (c) incur political expenditure, not exceeding £50,000 in total, such authority to expire on the earlier of 8 March 2023 and the conclusion of the annual general meeting of the Company to be held in 2023. For the purposes of this resolution the terms 'political donation', 'political parties', 'independent election candidates', 'political organisation' and 'political expenditure' have the meanings given by sections 363 to 365 of the Act.

10. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the '**Act**') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

    (a) up to an aggregate nominal amount of £166,666; and

    (b) up to an aggregate nominal amount of £333,332 (such amount to be reduced by any shares allotted, or rights to subscribe for or to convert any security into shares granted, under paragraph (a) of this resolution) in connection with an offer by way of a rights issue:

        (i) to holders of ordinary shares of £0.01 each in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings; and

        (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary or permitted by the rights of those securities,

    and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter, provided that this authority shall expire on the earlier of 8 March 2023 and the conclusion of the annual general meeting of the Company to be held in 2023, save that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Directors may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

11. That, subject to the passing of resolution 10 proposed at the annual general meeting of the Company convened for 8 March 2022 ('Resolution 10') and in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Directors of the Company be and are hereby generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560(1) of the Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares of £0.01 each in the capital of the Company ('Ordinary Shares')) for cash pursuant to the authorities conferred by Resolution 10 and/or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act), as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:

(a) the allotment of equity securities and the sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of Resolution 10, by way of a rights issue only):

(i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary or permitted by the rights of those securities,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matters (including such problems arising by virtue of equity securities being represented by depositary receipts); and

(b) the allotment of equity securities and the sale of treasury shares (other than under paragraph (a) of this resolution) up to an aggregate nominal amount of £25,000,

and shall expire on the earlier of 8 March 2023 and the conclusion of the annual general meeting of the Company to be held in 2023, save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

12. That, subject to the passing of Resolution 10 proposed at the annual general meeting of the Company convened for 8 March 2022 ('Resolution 10') and in addition to any authority granted pursuant to Resolution 11 proposed at the annual general meeting of the Company convened for 8 March 2022, the Directors of the Company be and are hereby generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560(1) of the Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares of £0.01 each in the capital of the Company ('Ordinary Shares')) for cash pursuant to the authorities conferred by Resolution 10 and/or by way of a sale of treasury shares within the meaning of section 560(3) of the Act, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be:

(a) limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £25,000; and

(b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the passing of this resolution, and shall expire on the earlier of 8 March 2023 and the conclusion of the annual general meeting of the Company to be held in 2023, save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

13. That, the Company be and is hereby generally authorised pursuant to section 701 of the Companies Act 2006 (the '**Act**') to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.01 each in the capital of the Company ('**Ordinary Shares**') on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

    (a) the aggregate number of such Ordinary Shares hereby authorised to be acquired by the Company shall not exceed 5,000,000;

    (b) the price that may be paid by the Company for any of its Ordinary Shares shall not be less than £0.01, being the nominal value of each Ordinary Share, and shall not be greater than the higher of, exclusive of expenses:

        (i) an amount equal to 105% of the average trading price of the Ordinary Shares as derived from the middle market quotations for an Ordinary Share on the London Stock Exchange Daily Official List for the five trading days immediately preceding the date on which a share is contracted to be purchased; and

        (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out, and

    unless previously revoked, renewed, extended or varied, the authority hereby conferred shall expire on the earlier of 8 March 2023 and the conclusion of the annual general meeting of the Company to be held in 2023, save that the Company may before such expiry make an offer or enter into an agreement which would or might require such purchases of Ordinary Shares to be carried out after such expiry and the Directors may carry out such purchases in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Catherine Bowen
Company Secretary
Date: 31 January 2022

Registered Office: Haramead Business Centre, Humberstone Road, Leicester, Leicestershire, LE1 2LH

NOTES

1. ATTENDING THE ANNUAL GENERAL MEETING IN PERSON

Although in normal circumstances members are encouraged to attend the Annual General Meeting in person, in light of the current pandemic, members are strongly encouraged not to attend the Annual General Meeting in person. If these arrangements change, members will be notified by the Company via Regulatory Information Service.

2. ONLINE VOTING

Members may vote online at www.signalshares.com. To register for this service, members will need their Investor Code, which can be found on their share certificate. To be valid, an online vote must be submitted no later than 48 hours (excluding non-working days) before the time of the Annual General Meeting or any adjournment of that meeting.

The submission of an online vote will not prevent a member from attending the Annual General Meeting and voting in person.

3. APPOINTMENT OF PROXIES

Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent a member. To be validly appointed, a proxy must be appointed using the procedures set out in these notes. If members wish their proxy to speak on their behalf at the meeting, members will need to appoint their own choice of proxy (not the Chairman of the Annual General Meeting) and give their instructions directly to them. However, in light of the restrictions on attendance at the Annual General Meeting outlined above, we strongly encourage all shareholders to exercise their vote by appointing the Chairman of the Annual General Meeting as their proxy and providing voting instructions in advance of the Annual General Meeting.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should contact the Registrar at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by telephone on 0371 664 0391 if calling from the United Kingdom, or +44(0)371 664 0391 if calling from outside the United Kingdom. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. – 5.30 p.m. (London time) Monday to Friday excluding public holidays in England and Wales.

However, please note the restrictions on attendance at the Annual General Meeting outlined above and the impact this will have on multiple proxy appointments. A member may instruct their proxy to abstain from voting on any resolution to be considered at the Annual General Meeting by marking the 'Vote Withheld' option when appointing their proxy. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' or 'Against' the resolution.

In usual circumstances, the appointment of a proxy will not prevent a member from attending the Annual General Meeting and voting in person if he or she wishes. However, as highlighted above, in light of the continuing guidelines restricting social gatherings as a result of COVID-19, members are requested not to attend the Annual General Meeting and restrictions on entry will be in place.

4. APPOINTMENT OF A PROXY USING A FORM OF PROXY

Members may request a hard copy proxy form directly from the Registrar on 0371 664 0330. (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines open between 09:00 – 17:30 (London Time), Monday to Friday excluding public holidays in England and Wales).

To be valid, a Form of Proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, no later than 48 hours before the time of the Annual General Meeting or any adjournment of that meeting.

5. APPOINTMENT OF A PROXY THROUGH CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy, or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar (ID RA10) no later than 48 hours before the time of the Annual General Meeting or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions.
It is the responsibility of the CREST member concerned to take (or, if the CREST member is a

CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

6. APPOINTMENT OF A PROXY BY JOINT HOLDERS

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority shall be determined by the order in which the names of the joint holders stand in the Company's register of members in respect of the joint holding.

7. CORPORATE REPRESENTATIVES

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s). Please, however, note the restrictions on attendance at the Annual General Meeting in light of the ongoing COVID-19 restrictions. In light of these restrictions, corporate members are encouraged to appoint the Chairman of the Annual General Meeting as their proxy and to provide voting instructions in advance of the Annual General Meeting.

8. ENTITLEMENT TO ATTEND AND VOTE

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6:00 p.m. on 4th March 2022 (or, if the Annual General Meeting is adjourned, at 6:00 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting. Please, however, note the restrictions on attendance at the Annual General Meeting in light of the ongoing COVID-19 pandemic.

9. VOTING RIGHTS

As at 26th January 2022 the Company's issued share capital consisted of 50,000,000 ordinary shares of £0.01 each carrying one vote each, 12,878 shares are held by the Company in treasury. Therefore, the total voting rights in the Company as at 26th January 2022 were 49,987,122 votes.

Shoe Zone plc

Annual Report & Accounts 2021

www.shoezone.com

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