

QUIZ



QUIZ PLC

ANNUAL REPORT AND
FINANCIAL STATEMENTS 2021

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FINANCIAL STATEMENTS

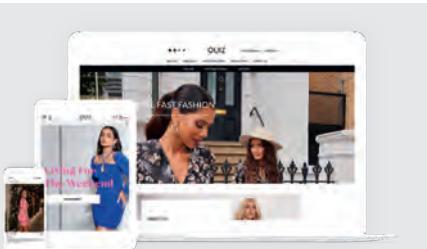
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OPERATIONAL HIGHLIGHTS

- Decisive action to secure substantial cost reductions in response to significant impact of COVID-19 pandemic on sales.
- Store portfolio restructuring now complete, resulting in a smaller store footprint focused on more attractive locations, a significantly lower rental cost base, linked to revenues generated, and more flexible leases.
- Group's store estate comprised 61 stores in the United Kingdom and four in the Republic of Ireland at the end of the year (2020: 75 in the UK and 7 in the ROI), with one further opening in the Republic of Ireland subsequently.

POST YEAR END AND OUTLOOK

- Gradual improvement in sales since the removal of restrictions on large scale social events with performance approaching pre-pandemic levels on a like-for-like basis.
- As a result, the Board is pleased that the Group has achieved sales of £30.6 million since the period end (the five months to 31 August 2021), representing a £17.4 million increase on the revenues generated in the period from 1 April to 31 August 2021.
- The Group has agreed an extension of its existing £3.5m banking facilities until 30 September 2022.
- Total liquidity headroom at 28 September 2021 of £6.2 million, being cash, net of borrowings, of £3.8 million and £2.4 million of undrawn banking facilities.
- With the recovery in revenues experienced to date the Group anticipates generating a positive cash flow from operating activities in the year ended 31 March 2022.
- Going forward, a higher proportion of revenues will be generated from the Group's own stores and websites which have traditionally generated higher returns than other revenue streams.



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FINANCIAL HIGHLIGHTS

- Group revenue decreased 66% period on period in large part due to the significant impact of the COVID-19 pandemic on trading conditions, including the enforced closure of stores and concessions.
- Gross margin decreased to 53.4% from 60.3% reflecting an increased level of discounting in part as a result of the enforced stores and concessions closures.
- Underlying operating costs reduced by 47% reflecting management's decisive actions in response to the impact of the pandemic.
- Underlying operating costs net of the receipt of £8.2 million of Government support reduced by 58%.
- Non-recurring non-cash gain of £10.4 million arising on the disposal of a subsidiary undertaken in the year, further to it entering into administration.
- Non-recurring non-cash gain of £5.2 million further to the gain on bargain purchase arising on the acquisition of the trade and certain assets of a subsidiary which entered into administration.
- Operating cash outflows of £2.5 million (2020: inflow of £10.2 million).
- Total liquidity headroom at the period end of £2.4 million, being cash, net of bank borrowings, of £1.5 million and £0.9 million of undrawn bank facilities (2020: £6.9 million of cash and £3.5 million of undrawn bank facilities).

GROUP REVENUE

£39.7m

21	39.7
20	118.0
19	130.9

EBITDA

£10.7m

21	10.7
20	8.2
19	4.2

PROFIT BEFORE TAX

£6.0m

21	6.0
20	8.2
19	0.2

CAPITAL EXPENDITURE

£0.3m

21	0.3
20	4.1
19	6.1

UNDERLYING EBITDA

£(4.9)m

(4.9)	21
20	8.2
19	4.6

UNDERLYING (LOSS)/PROFIT BEFORE TAX

£(9.6)m

(9.6)	21
(3.1)	20
19	0.6

UNDERLYING BASIC EPS

(7.54)p

(7.54)	21
(2.17)	20
19	0.33

NET CASH AT YEAR END

£1.5m

21	1.5
20	6.9
19	7.5

Note: The basis of preparation of the financial statements for the current and previous year, including an explanation of the underlying measures, is set out in the Financial and Business review on page 10.

AT A GLANCE

OMNI-CHANNEL

FASHION

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

CORE STRENGTHS



BRAND

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

SUPPLY CHAIN

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

EXPANDING ONLINE CUSTOMER NUMBERS

Sales growth through QUIZ's online channels remains a key priority with key drivers being: increased awareness of our brand driven by effective marketing; the strength of our products and collections; increased online traffic; and increasing the number of active customers.

INTERNATIONAL POTENTIAL

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

OUR BRAND

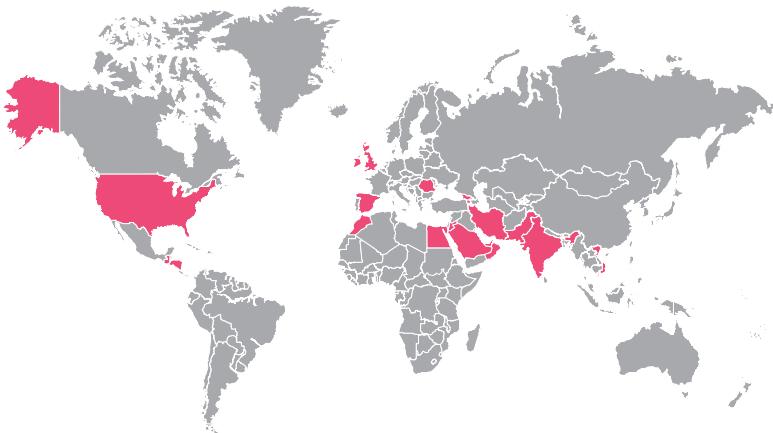
QUIZ's buying and design teams constantly develop their own product lines, ensuring the latest glamorous looks at value prices. This flexible supply chain, together with the winning formula of style, quality, value and speed to market has enabled QUIZ to grow rapidly into an international brand with standalone stores, concessions, franchise stores, wholesale partners and international online partners in 20 countries.

- We were founded in 1993 and employ more than 1,000 people.
- We have a very broad customer demographic; our core customers are 16 to 35-year-old fashion-forward females.
- We are a destination brand for fashion-conscious women looking to dress for some of the most memorable occasions of their lives.
- Our fast-fashion supply chain means we can respond quickly to changing styles and trends.
- We market the QUIZ brand creatively and continue to increase our social media following as a result.
- We have seen the brand establish itself in different markets with the core QUIZ offering being complemented by country-specific products where appropriate.

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OUR EXISTING GLOBAL PRESENCE

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



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As at 31 March 2021:

UK

- 61 standalone stores.
- 119 concessions.
- Own website.
- 3 online partners.

EUROPE

- 4 standalone stores in Ireland.
- 14 concessions in Ireland.

AMEA

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

USA

- Wholesale to department stores.

- Expansion of current website through new ranges and increased options.
- Extend our store network with flexible leases with charges related to revenues generated.
- Multi-channel expansion in new markets.

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FUTURE DEVELOPMENTS

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

OUR CUSTOMERS

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

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

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

Research has shown us that our brand appeals across a broad age range. This customer insight continues to drive our marketing investment, social media content and product design and buying.

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CHAIRMAN'S STATEMENT



PETER COWGILL
Non-executive Chairman

INTRODUCTION

The period covered in this Annual Report has been almost entirely impacted by the COVID-19 pandemic. From March 2020, communities and businesses across the UK have felt its significant impact whether that be through the closure of non-essential retail, national lockdowns and the cancellation of social events, or its effect on consumer confidence.

During this very challenging period, the Group's priority has been on ensuring the safety and welfare of its people and customers. I would like to take this opportunity to thank the Group's management team and all colleagues across the UK for their commitment and hard work during what has been an incredibly challenging time.

In addition to navigating the effects of COVID-19, I am pleased to note that the Group successfully addressed the challenges of the last 18 months and took proactive actions to improve its future prospects. The steps taken during the year to restructure our business and to preserve the cash available to the business have been beneficial as demand for our ranges increase and sales progressively return towards their previous levels.

FY2021 PERFORMANCE OVERVIEW

The disruption caused by COVID-19 was a significant factor in the 66% decline in Group's revenues during the year to 31 March 2021 to £39.7 million (2020: £118.0 million). The two key COVID-19-related factors impacting the Group's revenue performance were as follows:

- Firstly, in the United Kingdom, our stores and concessions were closed for sustained periods including from 22 March 2020 until their gradual reopening in June 2020 and from late December 2020 to mid-April 2021. In addition, various Government-implemented social restrictions in place during the period alongside overall consumer uncertainty impacted footfall when stores and concessions were open.
- Secondly, occasion wear and dressy wear for social events and activities are at the centre of the QUIZ brand. The curtailment of social occasions resulted in a materially detrimental impact on demand across all revenue streams including in the Group's International business segment. In response, the Group rebalanced its product offering to increase more casual ranges and reduce exposure to occasion wear. These steps helped to mitigate the impact of COVID-19 but did not fully compensate for the decline in demand experienced since March.

In response to these challenges, in June 2020, the Group undertook a restructuring of its store portfolio. The purpose of this restructuring was to secure an economically viable store portfolio that, going forward, is aligned to the business strategy. As a result of this restructuring, Kast Retail Limited ("Kast"), a subsidiary of the Group which previously operated the Group's standalone stores in the United Kingdom and Ireland was placed into administration and the business and certain assets of Kast were acquired by the Group for a cash consideration of £1.3 million.

Following the restructuring, 66 of the Group's previously operated 82 stores have reopened. The new lease arrangements have an average lease term of 24 months and charges predominantly linked to revenues generated, providing the Group with increased flexibility going forward.

In addition, to the store restructuring the business has reduced its dependence on third parties, with a significant fall in the number of concessions, further to the closure of Debenhams and Outfit stores, and the number of third-party websites operated. Going forward, this will allow the business to generate more of its revenues from its own stores and websites which have traditionally generated higher returns than other revenue streams.

The disposal of Kast when it entered into administration and the subsequent repurchase of its business and certain assets gave rise to a total of £15.6 million of gains in the income statement, resulting in profits before financing

and taxation of £6.2 million (2020: loss of £28.7 million) and EBITDA of £10.7 million (2020: £5.6 million). Reported profit before tax amounted to £6.0 million (2020: loss of £29.4 million), while underlying loss before tax decreased to £9.6 million (2020: £3.1 million). The Financial Review section provides more detail on the Group's financial performance during the year on page 10.

CASH POSITION

The Group's primary focus during the year was the preservation of cash to ensure that the business could capitalise on increased demand once restrictions were lifted. In addition, to reducing capital spend and operating costs and restricting the amounts of inventory acquired the Group also utilised the Government support available to it. As at 31 March 2021, the Group had £2.4 million of total liquidity headroom, being a cash balance net of bank borrowings of £1.5 million and £0.9 million of undrawn bank facilities.

The cash position since the year end has improved with total liquidity headroom on 28 September 2021 of £6.2 million, being £3.8 million of cash net of bank borrowings and £2.4 million of undrawn bank facilities.

The £3.5 million bank facilities available to the Group were recently renewed and will expire on 30 September 2022. There are no financial covenants applicable to these facilities.

This will support the business's initiatives to further diversify the product range and ensure the Group is well positioned to respond to the continued increase in demand for its core occasion wear offering in due course.

OPERATING AN ETHICAL SUPPLY CHAIN

The Board will continue to prioritise ensuring that the Group has an ethical and responsible supply chain that all QUIZ's stakeholders can be proud of. The Group is committed to continuing to invest in this critical area of the business to ensure that the Group's systems remain robust and that the Group's strict Ethical Code of Practice is always adhered to by all QUIZ's suppliers.

There is an ongoing programme to ensure that all our products are supplied in line with our Ethical Code of Practice. Regular supplier visits continue to be conducted and processes are in place to allow for clear visibility across the Group's supply chain. The Board remains resolutely committed to ensuring the Group's systems, processes and culture are fit for purpose to assure compliance in this area.

DIVIDENDS

Given the operating losses incurred in the current year, the Board does not recommend the payment of a final dividend (2020: £Nil).

OUTLOOK AND CURRENT TRADING

The Group has seen increasing demand for its core product offering as restrictions on events and social gatherings were removed. This is driving a return towards the revenues generated prior to the pandemic on a like-for-like basis. As a result, the Board is pleased that the Group has achieved sales of £30.6 million since the period end (the five months to 31 August 2021). This was driven by the good performance of our own website and our more flexible and economically viable store portfolio. These sales are consistent with the Board's expectations and represents a £17.4 million increase on the revenues generated in the period from 1 April to 31 August 2020.

Revenues from each of the Group's channels were as follows:

	1 April to 31 August 2021	1 April to 31 August 2020	Year-on-year change
Online	£10.6m	£8.2m	+29%
UK stores and concessions	£13.7m	£3.0m	+357%
International	£6.3m	£2.0m	+215%
Total	£30.6m	£13.2m	+132%

Whilst uncertainty around COVID-19 persists, we continue to believe that the QUIZ brand has strong customer appeal and that the Group's omni-channel business model remains relevant and key to our long-term success.

We are encouraged by the increasing demand for the Group's product proposition and the revenue growth generated since the year end and this combined with the Group's proactive actions taken during the past 18 months, mean we remain confident in the Group's future success.

PETER COWGILL NON-EXECUTIVE CHAIRMAN

30 September 2021

CHIEF EXECUTIVE'S REPORT



TARAK RAMZAN
Chief Executive

INTRODUCTION

QUIZ's FY 2021 financial year was characterised by challenging trading conditions, the extent of which was unlike anything we have experienced during our decades operating within the retail sector.

Throughout this time, we remained steadfastly focused on navigating the continuing uncertainty, leveraging QUIZ's omni-channel model to mitigate the impact of the pandemic as far as possible, and strengthening the Group's foundations to ensure its long-term health following its emergence from the impact of the COVID-19 pandemic.

As we emerge from the COVID-19 crisis, the Group's long-term strategy remains to develop the QUIZ brand through its omni-channel distribution model and to adapt and improve to ensure the brand continues to succeed. The Group has a particular focus on capturing the significant online opportunities available to QUIZ, supported by a profitable store and concession portfolio.

Central to this strategy is the QUIZ brand, which is a distinctive fashion brand that empowers fashion-forward females to stand out from the crowd. We continue to firmly believe that the QUIZ brand has a clear, differentiated position in the market as an occasion wear led brand and continues to resonate with a broad age range of customers. This belief is supported by the increased demand for our products since the easing of restrictions on social events post year end.

OPTIMISING THE OMNI-CHANNEL MODEL

QUIZ continues to believe in the benefits of operating an omni-channel model that broadens the awareness and appeal of the brand, and provides customers the opportunity to engage with the brand across different channels and capturing QUIZ's sales growth potential online remains a key priority for the Group.

Supported by the acceleration of structural trends towards increased online shopping, we continue to believe that QUIZ's online channel offers significant long-term growth potential for the Group. In FY 2021, online sales represented 55% of QUIZ's Group revenue (2020: 32%).

Going forward the focus will be to ensure the business benefits from the return to social activities and the increased number of weddings and other social events over the next year whilst enhancing the profitability of online sales.

Sales volumes through the QUIZ website have improved since the year end and going forward it is this that will be the key factor in delivering profitable growth.

The Group has continued to reduce its exposure to UK department stores. In the year ended 31 March 2021 the number of concessions operated reduced from 156 to 119 and reduced further to 45 post year end. The decline reflects the closure of concessions that were generating little return or were operating at a loss and the impact of the closure of Debenhams and Outfit stores. The majority of the remaining concessions are operated in New Look

The revenue generated from each channel during the period was as follows:

	Year to 31 March 2021	Year to 31 March 2020	Year- on-year change	Share of revenue 2021	Share of revenue 2020
Online	£21.6m	£37.5m	- 42%	54.5%	31.8%
International	£7.6m	£21.8m	- 65%	19.1%	18.5%
UK stores and concessions	£10.5m	£58.7m	- 82%	26.4%	49.7%
Total	£39.7m	£118.0m	- 66%		

As we emerge from the COVID-19 crisis, the Group's long-term strategy remains to develop the QUIZ brand through its omni-channel distribution model and to adapt and improve to ensure the brand continues to succeed.



stores and allow for flexible arrangements for increasing the number of concessions operated given these are not staffed by QUIZ personnel and there is limited capital outlay required. Further to these changes the proportion of revenues generated from UK concessions will reduce from circa 20% prior to the pandemic to less than 10% going forward.

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

SELECTIVE INTERNATIONAL GROWTH POTENTIAL THROUGH CAPITAL LIGHT MODEL

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

Whilst each of these markets has its own challenges, international sales represented 19% of QUIZ's Group revenue (2020: 18%). We continue to identify opportunities to extend our sales through low-risk, low-cost international expansion driven by our capital-light online, consignment and concession routes to market.

MANAGING GROSS MARGIN

Whilst progress was made in the previous year to improve gross margins, the decline in revenues during the year and increased levels of excess stock led to an increased level of discounting. This resulted in the gross margin generated declining to 53.4% (2020: 60.3%); however, this has increased following the year end as customers have shown a preference for newer full price product.

In recent months we have been experiencing increased inflationary pressures in relation to product and its shipment. To date these additional costs have been absorbed by the business.

In addition, the lead times for product being delivered have been extended. We are confident that our well-established relationships with suppliers will allow us to minimise any disruption to our business.

RIGHT SIZING OUR COST BASE

We have sought to manage and reduce costs wherever possible. In the current year substantial cost savings have arisen from the renegotiation of rental arrangements for stores, the reduction of staff numbers at head office and across the business and the curtailment of marketing spend when demand for occasion wear had significantly reduced.

As well as various cost saving initiatives the utilisation of the various arrangements to support businesses provided by the UK Government has been important, with the suspension of business rates for the year and the provision of £8.2 million of cash support received under the furlough scheme and other payments.

We will continue to review our cost base to ensure it is appropriate for the revenues that will be generated going forward.

A STRONG BRAND

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

We firmly believe that the QUIZ brand has a clear, differentiated position in the market and continues to resonate with a broad age range of customers. This belief is supported by the increased demand for our products since restrictions on social events lifted post year end.

The strength of the QUIZ brand and flexibility of its model enabled the Group to expand into new product categories in light of the cancellation of, and restrictions on, large scale social events that the brand's products have typically been associated with.

Following the implementation of these restrictions, the Group strategically expanded its product proposition to maintain relevance through the changes to customers' lifestyles, reducing occasion wear product where possible and expanding into selected casual wear categories that will provide the Group further diversification going forward. These actions helped to mitigate but did not fully compensate for the reduced demand for occasion wear.

Whilst the number of online active customers declined during the year, we have seen a sharp increase in activity in the five months to August 2021 with an annualised equivalent of 578,000 active customers, an uplift of 79% on the numbers recorded in the year ended 31 March 2021, reflecting the appeal of the brand when relevant social events are undertaken.

During the period of lower demand for its core proposition, the brand has maintained its social media engagement relative to the prior year, with 2% and 4% increases in our Instagram and Facebook audiences respectively.

OUR FLEXIBLE SUPPLY CHAIN REMAINS A KEY COMPETITIVE ADVANTAGE

The business has a well invested infrastructure and a proven successful supply chain. This allows for the business to respond to customer demands and seek to quickly replicate the latest looks seen on social media, the catwalk or television. Our supply chain and ability to constantly refresh products for sale in store and online are strong competitive advantages. QUIZ continues to introduce new products each week in order to meet customer demand as trends emerge throughout the season. The Board believes this remains an important component for success as customers increasingly access the options available of where, when and how to shop.

QUIZ'S ONLINE CHANNEL OFFERS SIGNIFICANT POTENTIAL

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

In FY 2021, online sales represented 55% of QUIZ's Group revenue (2020: 32%). The focus over the past year was to expand the product offering available to customers and to manage excess inventories.

The Group is focused on growing its own website sales rather than through third-party website partners which provide the brand with important exposure but generate a lower return.

TARGETED MARKETING INVESTMENT

Underpinning the growth and expansion of the QUIZ brand is the Group's approach to targeted and returns-driven marketing investment. Whilst investment was restricted during the year given the Group's focus on cost management as a result of the impact of the pandemic on sales, the drop in revenues resulted in marketing investment as a proportion of Group sales for FY 2021 increasing to 3.6% (2020: 2.3%).

Further to the reduction in spend a digital approach was primarily adopted to marketing with a focus on our casual ranges. This allowed us to continue with a measurable return on advertising spend whilst effectively managing the cost base.

Once our stores re-opened at the end of summer 2020, we increased marketing activity and planned influencer and celebrity campaigns for the autumn / winter 2020 period to promote our party wear ranges. The reintroduction of restrictions on social events impacted the demand for evening wear which hindered the impact of the visually strong campaigns undertaken in October and November 2020.

Now that entertainment, events and social gatherings are no longer restricted, we have increased our budgets and have a pipeline of celebrity and influencer activity planned for the autumn / winter 2021 party season. We are excited to see our activity and voice through social media increase significantly again as a result of the new campaigns. This will be supplemented with digital marketing and offline activity to push the QUIZ brand to the forefront of our customers' minds as they celebrate throughout the party season.

STRATEGIC KPIs

	2021	2020	Change
Active customers	323,000	638,000	-49%
Online sales as a % of turnover	54.5%	31.8%	+23%
International outlets serviced	76	80	-4
UK retail space – square footage	174,000	218,000	-20%

OUR TEAM

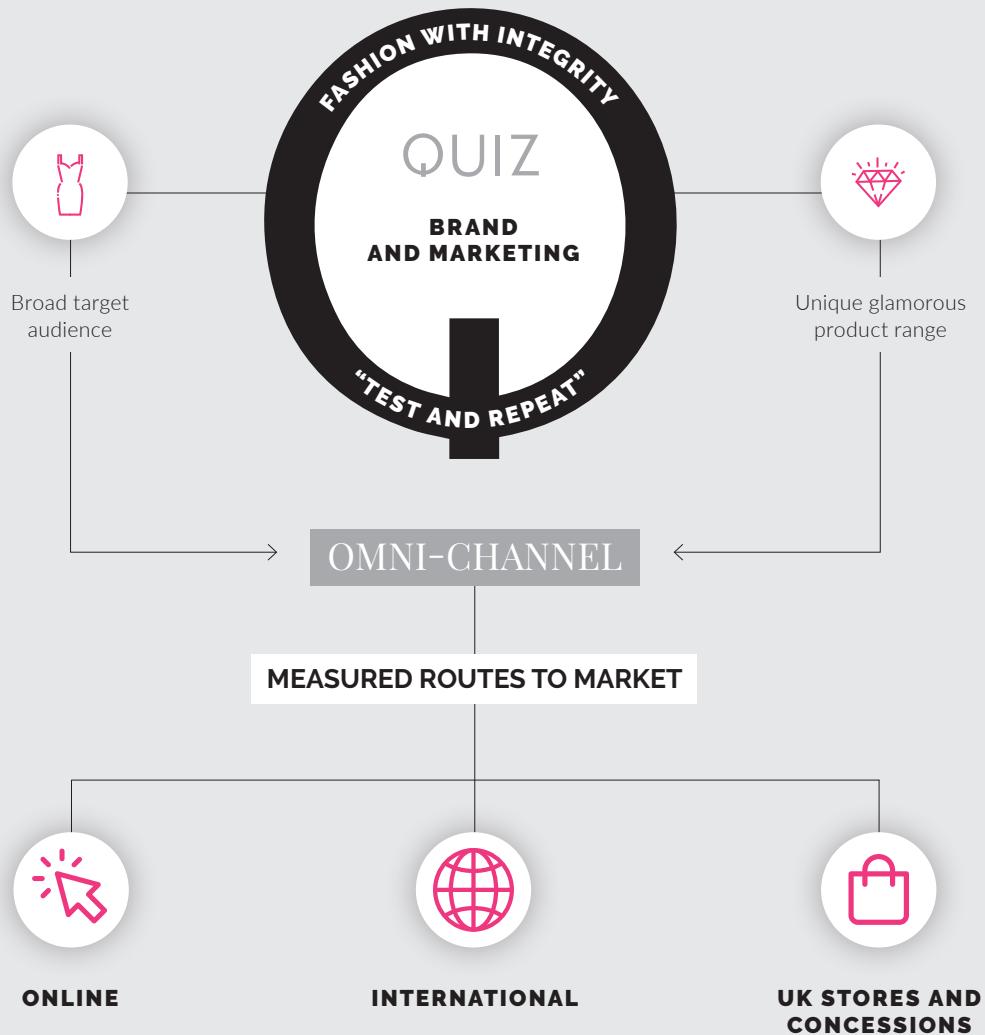
The last 18 months have been truly unprecedented and presented challenges to the business which would have not appeared previously credible. I continue to be grateful for the talent, professionalism and dedication of our colleagues across our stores and concessions, distribution centre and head office. I would like to thank all my colleagues for their hard work and contribution in the last year.

I would also like to thank our suppliers, business partners and customers. I thank them for their continued support which allows the business and brand to approach the future with confidence.

TARAK RAMZAN CHIEF EXECUTIVE

30 September 2021

OUR BUSINESS MODEL



THE RIGHT APPROACH

OUR INTEGRITY

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

OUR SYSTEMS AND INFRASTRUCTURE

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

OUR PEOPLE

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

OUR VALUES

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

FINANCIAL AND BUSINESS REVIEW



GERARD SWEENEY
Chief Financial Officer

BASIS OF PREPARATION

To provide comparability across reporting years, the results within this Financial Review are presented on an "underlying" basis and excludes certain non-recurring transactions. In the current year, an adjustment is made to exclude the non-recurring £15.6 million of gains which arose from the disposal of a subsidiary undertaking which entered administration and the subsequent repurchase of its business and certain assets. In the previous year the adjustments made for non-recurring costs amounted to £26.3 million in the year in respect of the impairment of Right of Use assets, store assets and goodwill and a bad debt expense. A reconciliation between underlying and reported results is provided at the end of this Financial Review.

GROUP OVERVIEW

COVID-19 impacted each area of our business during the year and the focus was on actions that could be taken to reduce costs, preserve cash and strengthen the Group's financial position.

Group revenue decreased 66% to £39.7 million (2020: £118.0 million).

Further to this decline in revenues, the underlying operating loss incurred was £9.4 million (2020: £2.3 million). Including the non-recurring transactions, a profit prior to financing and taxation of £6.2 million was generated (2020: loss of £28.7 million).

FINANCIAL KPIs

Underlying EBITDA generated declined to a loss of £4.9 million (2020: profit of £8.2 million) which represented a negative EBITDA margin of 12.3% (2020: positive margin of 6.9%). Including the non-recurring transactions, EBITDA was £10.7 million (2020: £5.6 million).

Underlying Group loss before tax was £9.6 million (2020: £3.1 million). Profit before tax reflecting non-recurring transactions was £6.0 million (2020: loss of £29.4 million).

Further to this, the underlying loss per share, which is calculated using the underlying profit/(loss) before tax less tax at the effective statutory rate, was 7.54 pence (2020: 2.17 pence). After reflecting the non-recurring transactions, the profit per share was 5.00 pence (2020: loss of 23.37 pence).

Cash net of bank borrowings at the year end amounted to £1.5 million (2020: £6.9 million).



ONLINE REVENUE

£21.6m -42%

INTERNATIONAL REVENUE

£7.6m -65%

UK STORES AND CONCESSIONS REVENUE

£10.5m -82%

REVENUE

£39.7m -66.4%

21	39.7
20	118.0
19	130.9

Definition

Online, UK Stores and concessions and International revenue.

Performance

The disruption caused by COVID-19 was a significant factor in the 66% decline in Group's revenues during the year to 31 March 2021 to £39.7 million.

GROSS MARGIN

53.4% -6.9%

21	53.4
20	60.3
19	60.7

Definition

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

Performance

Discounting increased across the year given reduced demand experienced and the requirement to clear excess stocks. Due to this and the lower proportion of sales generated through the usually higher margin stores and concessions, the gross margin in the year declined to 53.4%.

UNDERLYING EBITDA %¹

(12.3)% -19.2%

21	(12.3)
20	6.9
19	3.5

Definition

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

Performance

Underlying EBITDA generated declined to a loss of £4.9 million which represented a negative EBITDA margin of 12.3%.

CASH FROM OPERATING ACTIVITIES¹

£(2.5)m -£12.7m

21 (2.5)	
20	10.2
19	5.9

Definition

The conversion of profits into cash available to the business.

Performance

Net cash flow from operating activities resulted in an outflow of £2.5 million. Reflected in this outflow of cash is a £2.3 million working capital inflow.

1. In the current year the impact of the non-recurring gains which arose from the disposal of a subsidiary undertaking which entered administration and the subsequent repurchase of its business and certain assets is excluded. In the previous year the impact of the impairment of Right of Use assets, store assets and goodwill and a bad debt expense is excluded.

FINANCIAL AND BUSINESS REVIEW CONTINUED

REVENUE

Group revenue decreased by 66% to £39.7 million from £118.0 million in 2020, with our three revenue channels shown below:

	Year to 31 March 2021	Year to 31 March 2020	Year-on-year growth	Share of revenue 2021	Share of revenue 2020
Online	£21.6m	£37.5m	- 42%	54.5%	31.8%
International	£7.6m	£21.8m	- 65%	19.1%	18.5%
UK stores and concessions	£10.5m	£58.7m	- 82%	26.4%	49.7%
Total	£39.7m	£118.0m	- 66%		

Online

The reduction in Online revenues reflects the impact of the prolonged lockdowns and curtailment of social occasions through the period.

There were similar declines in revenue in sales through the QUIZ website and sales through third-party websites. Sales through the QUIZ website, which was closed for a number of weeks in April 2020, declined 42% and sales through third-party websites declined 44% in the year.

The impact of the reduced demand during the year was reflected in the number of active customers at 31 March 2021 which had declined 49% in the year to 323,000 (2020: 638,000).

International

International sales include revenue from QUIZ standalone stores and concessions in the Republic of Ireland and franchises in 20 countries. In the previous year, revenues also included our three standalone stores in Spain. These stores did not trade in the period, due to lockdown restrictions, and closed in June 2020 further to the administration of Kast.

As with the UK sales, International revenues were impacted by pandemic related lockdowns and reduced demand leading to a 65% decline to £7.6 million (2020: £21.8 million).

Revenues in Ireland declined 85% in the year to £1.2 million as a result of the prolonged lockdowns restricting trading, the closure of Debenhams Irish concessions in March 2020 and the reduction in stores operated from seven to four. Currently the business operates 5 stores and 15 concessions in Ireland (March 2020 – 7 stores and 23 concessions).

Franchise sales were particularly impacted by a decline in sales in the first quarter and whilst sales momentum improved through the year revenues declined 48% to £6.4 million (2020: £12.2 million).

UK stores and concessions

The performance of our stores and concessions reflects their enforced closure for more than half their potential trading hours during the year. When open, trade was below the same period two years ago with reduced footfall being partially offset by higher conversion rates.

In addition to these factors, a number of stores were permanently closed post the administration of Kast, others were closed for a period whilst new lease arrangements were negotiated and a significant number of concessions were closed during the year.

Sales in the Group's UK standalone stores and concessions decreased 82% to £10.5 million (2020: £58.7 million).

As at 31 March 2021, the Group operated from 61 stores and 119 concessions (2020: 75 stores and 156 concessions). Since the year end and the closure of the Debenhams stores the number of concessions operated has fallen to 45. Further to these changes, total selling space across the stores and concessions at 31 March 2021 decreased by 20% to 174,000 sq. ft. (2020: 218,000 sq. ft.) and further to the closure of the Debenhams concessions post year end is currently 131,000 sq. ft.

GROSS MARGIN

Discounting increased across the year given reduced demand experienced and the requirement to clear excess stocks. Due to this and the lower proportion of sales generated through the usually higher margin stores and concessions, the gross margin in the year declined to 53.4% (2020: 60.3%).

Since 31 March 2021, customers have expressed a preference for new product and whilst promotional activity is still undertaken it is not as aggressive as in the previous year. This has resulted in a better full price mix across all retail channels and the gross margin generated, being circa +400bps than that generated in the previous year.

Although the Group sought to work with suppliers through the year to actively manage inventory purchase commitments and to phase deliveries appropriately, given the decline in revenues there was an increase in slow-moving stock to be managed. The business has been successful selling much of this stock in the period since the year end by consolidating and representing stock unsold in the previous year.

There was no requirement to significantly increase the provision against slow-moving stock in the year given the provisions in the prior year adequately provided for the impact of lockdowns and the reduced demand for occasion wear.

During the period we encountered increased cost pressures in relation to product costs and the costs associated with their shipment. In addition, the widely reported issues with regard to deliveries from China and other regions impacting delivery times also affected, and continue to affect the Group. Any potential negative impact is mitigated by the availability of stock from the previous year given the prolonged lockdown post December 2020. Going forward we will look to minimise the impact of increased costs on customers and will adjust delivery schedules to ensure that product is available when required.

UNDERLYING OPERATING COSTS

Consistent with the fall in revenues there have been significant reductions in operating costs, namely administrative and distribution costs, in the year. Underlying costs decreased by 47% from £73.4 million to £38.8 million. The reductions in costs reflect the impact of lower revenues on variable costs, including turnover rents, merchant fees, certain distribution costs, utilities, travel and expenses and the benefit of cost reduction initiatives undertaken during the year.

In addition to these reductions, operating costs have been supplemented by £8.2 million of financial support from the UK Government which is included in other operating income. If this income, which was largely received to supplement employee costs, was offset against operating costs, the reduction in underlying operating costs amounted to 58% which reflects the actions taken by management to reduce costs.

Underlying administrative costs decreased by £12.5 million or 44% to £30.5 million (2020: £54.7 million). The most significant reductions included:

- £10.2 million or a 77% reduction in property costs (including depreciation charges in relation to leases for standalone stores) further to the restructuring of our standalone stores, revised rental agreements and the temporary waiver of business rates for retail businesses in the financial year to March 2021;
- £7.5 million or a 30% reduction in employment costs, before the benefit of grant income received in relation to furloughed employees, reflecting reductions in employee numbers, the impact of employees being placed on furlough and the reduction in director salaries applied in the period;
- £1.4 million or a 31% reduction in depreciation and amortisation costs (excluding depreciation charges in relation to leases for standalone stores). These reduced costs reflect the impairment of assets recorded in the previous year which reduced the amount of assets to depreciated and amortised; and

- £1.3 million or a 48% reduction in marketing costs. Spend undertaken in the year focused on digital marketing which proved to be beneficial. Given the increased demand and anticipation of further interest in occasion and dressy wear post year end the business has various marketing plans to implement to benefit from this increased interest.

Distribution costs decreased 56% to £8.3 million (2020: £18.8 million) and is reflective of the lower revenues generated in the period.

Included in distribution costs are commission payments to third parties which sell product on behalf of QUIZ. These fell as a result of the enforced closure on concessions and lower online sales through third parties.

Also reflected in the drop in distribution costs are lower carriage costs to stores, concessions and franchises as well as to online customers in line with the reduced revenues generated.

OTHER OPERATING INCOME

The business has benefited from the financial support provided by the UK Government in response to the COVID-19 pandemic. The support provided has included the waiver of business rates for retail businesses across the whole year as well as direct payments made to businesses.

The Group placed employees on furlough through the Government's Coronavirus Job Retention Scheme and received £7.0 million of payments in relation to its utilisation of these arrangements.

In addition, there were £1.2 million of payments received in relation to coronavirus grants made available to retail businesses which were closed due to national or local restrictions.



FINANCIAL AND BUSINESS REVIEW CONTINUED

NON-RECURRING ITEMS

As noted above, £15.6 million of gains arose from the disposal of a subsidiary undertaking which entered administration and the subsequent repurchase of its business and certain assets.

Non-recurring charges arose in the previous year in respect of the impairment of Right of Use assets, store assets and goodwill and a bad debt expense and amounted to £26.3 million.

FINANCE COSTS

The finance cost of £0.2 million (2020: £0.8 million) primarily relates to interest costs arising on the lease payments for stores in accordance with IFRS 16. The reduction in interest charges reflects that the leases for stores now primarily have charges dependent on revenues generated rather than fixed costs over a period of time and therefore none of these charges are treated as an interest cost.

TAXATION

The current year reported tax rate is a credit of 3.1% (2020: tax credit rate of 1.4%). The reported tax rate reflects that the £15.6 million non-recurring gain arising from the administration of a subsidiary undertaking is not subject to tax.

Given the uncertainty with the timing and quantum of future profits no deferred tax assets have been recognised in relation to tax losses incurred. The unrecognised deferred tax asset at 31 March 2021 amounts to £1.9 million (2020: £3.9 million). The tax losses in the previous year were predominantly incurred by a subsidiary which entered into Administration during the year and are no longer included as part of the unprovided deferred tax asset.

Given the potential for the unrecognised deferred tax asset to mitigate future tax charges the Group's effective tax rate in future years is expected to be below the statutory rate.

EARNINGS PER SHARE

Basic earnings per share for 2021 was 5.00 pence per share (2020: loss per share of 23.37 pence).

The underlying basic loss per share for 2020, which is calculated using the underlying loss after tax, was 7.54 pence (2020: 2.17 pence).

DIVIDENDS

No dividend was paid during the year (2020: £Nil). Given the operating loss incurred in the current year the Board does not recommend the payment of a final dividend.

CASH FLOW AND CASH POSITION

Cash, net of bank borrowings, at the year-end amounted to £1.5 million (2020: £6.9 million).

Net cash flow from operating activities resulted in an outflow of £2.5 million (2020: inflow of £10.2 million). Reflected in this outflow of cash is a £2.3 million working capital inflow (2020: £5.4 million). The reduction in working capital in the year, which is net of the impact of the administration of the subsidiary undertaking, arose further to:

- lower revenues being derived from third parties leading to a £2.5 million reduction in receivables;
- cash management procedures which resulted in a £1.3 million increase in payables; and
- the retention of stock acquired for stores and concessions which were closed in the final quarter of the financial year resulting in a £1.5 million increase in inventories.

Given the focus on preserving cash in the last year investment in the business was restricted to £0.3 million with £0.2 million spent on intangible assets and £0.1 million on property, plant and equipment.

Subsequent to the administration of Kast Retail Limited, the business and certain assets were acquired by the Group for £1.3 million.

New loans of £1.4 million were obtained during the year from utilising the working capital facility entered into during the year.

The payment of lease liabilities amounted to £1.1 million (2020: £6.7 million) reflecting lease charges now primarily being dependent on revenues generated which results in charges payable being treated as an operating activity rather than financing activity.

FOREIGN CURRENCY HEDGING

The Group currently undertakes foreign exchange transactions.

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

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

RECONCILIATION OF UNDERLYING AND REPORTED IFRS RESULTS

In establishing the underlying operating profit in the current year an adjustment is made to remove the impact of the non-recurring £15.6 million of gains which arose from the disposal of a subsidiary undertaking which entered administration and the subsequent repurchase of its business and certain assets, as described in Notes 8 and 9.

The adjustments in the previous year related to non-recurring charges in respect of the impairment of right-of-use assets, property, plant and equipment and goodwill, the write-down of inventory and a bad debt expense as described in Note 4.

A reconciliation between underlying and reported results is provided below:

	2021			2020		
	Underlying £m	Non- recurring costs £m	Reported £m	Underlying £m	Non- recurring costs £m	Reported £m
Revenue	39.7	—	39.7	118.0	—	118.0
Gross profit	21.2	—	21.2	71.1	—	71.1
Government grants	8.2	—	8.2	—	—	—
Other operating costs (net)	(38.8)	—	(38.8)	(73.4)	(26.3)	(99.7)
Operating loss	(9.4)	—	(9.4)	(2.3)	(26.3)	(28.6)
Gain on disposal of subsidiary	—	10.4	10.4	—	—	—
Gain on bargain purchase arising on acquisition	—	5.2	5.2	—	—	—
(Loss)/profit before finance costs	(9.4)	15.6	6.2	(2.3)	(26.3)	(28.6)
Finance costs (net)	(0.2)	—	(0.2)	(0.8)	—	(0.8)
(Loss)/profit before tax	(9.6)	15.6	6.0	(3.1)	(26.3)	(29.4)
Operating loss	(9.4)	—	(9.4)	(2.3)	(26.3)	(28.6)
Gain on disposal of subsidiary	—	10.4	10.4	—	—	—
Gain on bargain purchase arising on acquisition	—	5.2	5.2	—	—	—
Depreciation and amortisation	4.5	—	4.5	10.5	23.7	34.2
EBITDA	(4.9)	15.6	10.7	8.2	(2.6)	5.6

GERARD SWEENEY CHIEF FINANCIAL OFFICER

30 September 2021

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT PROCESS

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

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

The Risk Committee considers:

- the identification, assessment and management of significant risks faced by the Group;

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

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



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

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

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

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

Risk and impact	Mitigation	Links to strategy
GLOBAL/REGIONAL PANDEMIC (I.E. COVID-19) As the current global pandemic, COVID-19, has shown, the implications of such an event are extreme, sudden and challenging to mitigate. The impacts of a global (or regional) pandemic include: <ul style="list-style-type: none"> customer demand reduction – restrictions on social events leading to lower demand along with general consumer mobility restrictions exacerbated by enforced store closures; supply chain disruption – supplier factory closures and freight disruption; supplier impact – increased risks of failure of key suppliers; employee impact – health and wellbeing implications plus restrictions on ability to undertake day-to-day operations; and management decision making – potential to be impacted if several members of the senior leadership team were to become incapacitated. 	Our response to mitigate the immediate and longer-term impacts of COVID-19 is detailed within the CEO's Report and Financial Review. As evidenced by COVID-19, mitigation of the impacts of a global pandemic is very challenging. To navigate the challenges and mitigate the potential adverse impacts on the Group, we have focused on: <ul style="list-style-type: none"> well invested, modern IT infrastructure to support remote and agile working; adapting our working environments and practices to operate safely; short lease terms with costs commensurate to revenues generated across the store portfolio mitigating adverse financial impact of customer demand reduction; and increasing our casual ranges to reduce our exposure to occasion wear. 	  
BRAND AND REPUTATIONAL RISK The Group's performance is influenced by the image, perception and recognition of the QUIZ brand. Failure to ensure that the brand continues to be innovative, relevant and respected would impact the business. Not only could our brand be undermined or damaged by our actions but also by those of our franchise partners or issues connected with product sourcing.	We carefully monitor the brand and its reputation with feedback closely monitored, with particular reference made to feedback provided through social media channels. New partners are carefully vetted prior to engaging with the business and our contractual arrangements help protect the brand's reputation.	  
DEVELOPMENT OF OVERSEAS MARKETS Failure to identify and maximise opportunities for international growth either through our franchise operations or ecommerce could have an adverse impact. Failure to identify appropriate franchise partners or failure to support these markets with systems and supply chain capability could result in not establishing the brand effectively in new markets. The failure of a franchise partner could impact the business through lost revenue and the failure to recover balances owed.	We perform extensive due diligence on all potential partners and territories to assess our appropriate routes to market. We are progressively operating in a range of international markets, which helps to mitigate over reliance on and exposure to any one territory. Our team of experienced buyers, merchandisers and designers allows for products to be tailored for each market as appropriate. Zonal pricing is adopted which allows the business to be competitive in each key market according to its circumstances. The credit risk associated with franchise partners is addressed through the provision of Standby Letters of Credit or the application of appropriate credit terms.	  
FASHION AND DESIGN As with all fashion brands there is a risk that our offer will not satisfy the needs of our customers or we fail to correctly identify trends. If new product ranges or styles fail to meet sales expectations, lower sales and market share could occur.	The QUIZ business model is based upon being reactive to customer demand with a "test and repeat" supply model that is able to introduce new products within weeks of identifying trends and reorder successful lines quickly. We have an experienced team of buyers, merchandisers and designers which closely follows changes in the market, consumer trends and fashion to ensure that we remain able to respond to changes in consumer preference. We have also invested in modern systems which provide detailed information on how consumers are responding to products which allows us to react accordingly.	  

LINKS TO STRATEGY



ONLINE



12 [Read more](#)



INTERNATIONAL



12 [Read more](#)



UK STORES AND CONCESSIONS



12 [Read more](#)

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk and impact	Mitigation	Links to strategy
CHANGING ECONOMIC ENVIRONMENT	<p>Broad changes to consumer expenditure or a deterioration in the economy could materially and adversely affect the Group's financial condition, operations and business prospects. In the UK, where the majority of the Group's revenues are generated, the exit from the EU has increased the likelihood and potential impact of this risk.</p>	
BREXIT	<p>The exit of the UK from the EU has added complexity across many areas of the Group's operations that may impact on our ability to get products to customers in a timely manner and on product profit margins.</p>	
<p>Specific risk areas that have been impacted are as follows:</p> <ul style="list-style-type: none"> Changes in customs duty and VAT regimes: goods being imported to and exported from the EU are subject to a different duty and VAT regime, which results in increased costs to the Group. Supply chain delays: Brexit combined with the impact of the COVID-19 pandemic has had a significant impact on global supply chains resulting in disruption and increased costs associated with both inbound and outbound movements of goods. Foreign exchange fluctuations: The Group's exposure to fluctuations in foreign exchange rates is increased as a result of the impact of Brexit. Regulation and compliance: The regulatory regime applicable to the manufacture and sale of products may increase in complexity if the UK adopts a different framework from the current EU-based legislation. 	<p>The Group continues to carefully monitor developments in terms of the impact on supplies and potential changes to legislation.</p> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> Changes in customs duty and VAT regimes: An assessment of the Group's operations has been undertaken to identify changes required and additional costs. Supply chain delays: The business is working with its distributors to comply with additional requirements after exiting the EU and to minimise any disruption. Foreign exchange fluctuations: As noted below the Group hedges a material proportion of its foreign exchange requirements using forward contracts. Regulation and compliance: Ongoing legal advice is being taken in this area to ensure continued compliance with relevant EU and UK regulations. 	
PRODUCT SOURCING	<p>We source product from a wide range of suppliers including a significant proportion from overseas. Failure to carry out sufficient due diligence on our suppliers, and to act in the event of any negative findings, especially in relation to ethical or quality-related issues, could adversely impact our brand and reputation.</p>	
LOSS OF KEY TRADING PARTNER	<p>There are a small number of third-party partners in relation to online, franchise and concession revenues. The loss of one of these partners would impact upon the business.</p>	
PHYSICAL INFRASTRUCTURE	<p>Damage to or the loss of our distribution facility could have a material impact upon the business and its ability to effectively service our customers. A similar event at the head office could impact the ability of the business to operate effectively.</p>	
	18 QUIZ PLC ANNUAL REPORT AND FINANCIAL STATEMENTS 2021	

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

LINKS TO STRATEGY

-  ONLINE [12 Read more →](#)
-  INTERNATIONAL [12 Read more →](#)
-  UK STORES AND CONCESSIONS [12 Read more →](#)

SOCIAL RESPONSIBILITY

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

Our social responsibilities are focused on three key strands:

- fashion with Integrity; partnering with our suppliers to create distinctive products made with care, consideration and respect;
- respecting our environment: managing and reducing our impact on the environment; and
- our QUIZ Community; nurturing an exciting environment for both our employees and the local communities in which we reside.

FASHION WITH INTEGRITY

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

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

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

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



As a business, we are committed to providing good quality products to our customers and a vital part of this commitment relies on our suppliers ensuring that all goods are produced in a safe working environment where workers' rights are respected.

ensure that our goals are aligned, ensuring the benefits of compliance and continued improvements to working conditions are beneficial to all parties.

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

In the past year we have sourced product across 10 countries. We ensured compliance with our Ethical Code of Practice through:

- engaging with specialist third-party auditors to provide appropriate accreditation before any new suppliers are approved and conduct independent audits of each of the factories within our supply chain on an ongoing basis;
- regular checks and visits with our suppliers in the Leicester region by our locally based Ethical Compliance Manager;
- working closely with suppliers to ensure that their working environments are compliant with health and safety requirements to address COVID-19;
- working with our partners, which are major UK retailers, to ensure the compliance of our supply chain and share best practice processes;
- ensuring compliance with the process to provide clear visibility of the factory address where every QUIZ product is being made to prevent any unauthorised sub-contracting; and
- conducting audits and random factory site visits across our supply chain to increase ongoing visibility of compliance with the Group's strict values and requirements.

In addition, all our suppliers are required to confirm compliance with our Restricted Raw Material Sourcing declaration to ensure raw materials are ethically sourced.

The Board will continue to prioritise ensuring that the Group maintains an ethical and responsible supply chain that all QUIZ's stakeholders can be proud of. We are committed to continually investing in this critical area

of the business to ensure that the Group's systems remain robust and that the Group's strict Ethical Code of Practice is adhered to.

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

RESPECTING OUR ENVIRONMENT

QUIZ is committed to protecting the environment and has looked at a number of areas across our business, including our stores and offices, carbon emissions, packaging and waste. We have taken action to minimise any negative aspects of our operations and to help create a positive impact for the future.

Greenhouse gas emissions

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

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

UK GHG emissions data ¹	FY 2021	FY 2020
Scope 1 (tonnes CO₂e)² combustion of fuel operation of facilities and refrigeration	291	303
Scope 2 (tonnes CO₂e)³ electricity, heat, steam and cooling purchased for own use	669	1,077
Total Scope 1 and Scope 2 emissions	960	1,379
Intensity metric (tonnes of CO ₂ e per £million of retail revenue)	24.2	11.7

1. Figures represent a twelve-month period ending at or around the financial year end.

2. Scope 1: emissions associated with our direct activities, such as heating our stores, offices, warehouses and company cars.

3. Scope 2: emissions from the electricity we purchase.

SOCIAL RESPONSIBILITY CONTINUED

RESPECTING OUR ENVIRONMENT continued**Greenhouse gas emissions** continued

During the year with our stores closed for more than half of their potential trading hours and many colleagues working from home, our direct business operations were reduced resulting in a reduction in our GHG emissions across this period. In addition, we are realising the benefit of incremental changes made across the organisation to reduce energy consumption. The decline in total emissions of 30% did not compensate for the 66% decline in revenues during the year resulting in an increase in the Intensity Metric from 11.7 to 24.2 tonnes of CO₂e per £million of retail revenue.

Our Sustainability Road Map has prioritised addressing Climate Change and further to this subsequent to the year end, we have made significant progress to reduce our carbon usage as all our electricity and gas in the United Kingdom is now sourced under renewable green carbon free arrangements. This will result in a saving of over 900 tonnes in annual carbon emissions. It is intended to convert our Irish operations to similar arrangements when their existing contracts are due for renewal later in the year.

Waste

Key to protecting our environment is the reduction of waste across our head office, stores and warehouses. We are working hard to reduce the amount of waste generated and also to increase the amount recycled.

- All of our product which was to be disposed of was recycled or donated to charity resulting in Zero Landfill impact from these disposals.
- Our increased focus on following best practice processes in respect of recycling has helped to reduce the amount of cardboard waste going to landfill by 60 tonnes and general waste by 78 tonnes in the year.
- Ensuring that all wood utilised across the business is recycled with approximately 8 tonnes of broken pallets having been chipped and recycled into RDF fuels or new production processes.
- All paper consumed in the business has been switched to sources with zero carbon impact and used paper is disposed in recycling facilities.

In the next year we intend to utilise more recycled material in our products.

Packaging and plastics

Packaging and plastics are another key area of focus for reducing our impact on the environment. We have therefore been working hard to minimise the total amount of packaging used by the Group and to move to sustainable materials in our packaging. In the last year we have made progress in this area:

- All in-store and online delivery plastic bags are now sourced from recycled material.
- All cardboard packaging is sourced from recycled material.

- Any plastic waste generated at our distribution centre or head office is compacted and directly transported to recycling facilities with approximately 10 tonnes of polythene having been sent to a plastic processor to become a new carrier bag or similar product.

OUR QUIZ COMMUNITY

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

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

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

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

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

We are committed to ensuring that all our team members, regardless of gender, receive the same support and opportunities to progress, develop and enjoy a rewarding career with us. Our latest gender pay gap information (gender pay gap is the difference between our male and female mean and median salaries across the whole organisation) reported a 10.0% median pay gap, which is below the UK national average of 15.5%.

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

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

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

The Strategic Report relates to the content on pages 2 to 25.

TARAK RAMZAN CHIEF EXECUTIVE
30 September 2021

REDUCTION IN AMOUNT OF CARDBOARD WASTE GOING TO LANDFILL

60 TONNES

REDUCTION IN AMOUNT OF GENERAL WASTE

78 TONNES

Our focus in the last year has been to support our colleagues during the COVID-19 lockdown period. We were proactive in our decision making both in terms of moving to remote working and closing our stores before the Government-imposed lockdown.



SECTION 172 STATEMENT

This statement describes how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006, as modified by the Companies (Miscellaneous Reporting) Regulations 2018, in exercising their duty to promote the success of the Company for the benefit of its members as a whole. Whilst not a requirement under Jersey Company Law, the Directors consider disclosure of this statement to be in-line with best practice reporting. Within the fast-moving fashion retail sector, the operational cycle is short. Despite this, the Board remains mindful that its strategic decisions can have long-term implications for the business and its stakeholders, and these implications are carefully assessed.

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

A. EMPLOYEE ENGAGEMENT

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

- comprehensive induction processes for new employees;
- policies and programmes designed to encourage employees to become interested in the Group's activities and to reward employees according to their contribution and capability and the Group's financial performance;

- communications to disseminate relevant information including information on matters of concern as well as economic factors affecting the Group performance; and
- encouraging employee feedback through their line manager or, where there are concerns with regards to confidentiality, through our HR team.

See also: Social Responsibility section of this Annual Report.

B. CUSTOMERS

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

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

See also: Social Responsibility section of this Annual Report.

C. SUPPLIERS AND PARTNERS

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

- comprehensive assessment and onboarding process for all new QUIZ product suppliers;
- annual independent compliance audits for product suppliers using the SMETA process;



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

- engaging in supplier face-to-face meetings; and email and telephone conversations with Executive Directors and senior management; and
- regular reviews with partners to assess commercial performance, compliance with QUIZ's expectations and potential improvements.

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

D. COMMUNITY AND ENVIRONMENT

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

See also: Social Responsibility section of this Annual Report.

E. SHAREHOLDERS

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

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

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

The annual general meeting is an important opportunity for communication with both institutional and private shareholders and also typically involves a short statement on the Company's latest trading position. Shareholders may ask questions of the full Board, including the Chairs of the Audit, Remuneration and Nomination Committees. In the past year given the prevailing circumstances in relation to COVID-19, consistent with the practice adopted by numerous other listed companies, the annual general meeting was a closed meeting. Shareholders were invited to submit questions by email and responses were provided directly.

The result of the proxy votes submitted by shareholders in respect of each resolution are available on the Company's website or on request from the Company Secretary.

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

F. GOVERNMENTS AND TAX AUTHORITIES

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

accounting and reporting updates and tax accounting and reporting compliance.

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

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

Reaction to COVID-19

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

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

Restructuring of the store estate

The Board undertook a restructuring of the store estate post year end which resulted in the administration of Kast Retail Limited (In Administration), the subsequent purchase of its trade and certain assets and the negotiating of leases for previously occupied stores. This benefited a number of stakeholders through ensuring the viability of this business going forward:

- employees – persevered the maximum number of roles going forward;
- customers – maintained the omni-channel model to allow customers to access QUIZ where most convenient for them and to preserve the popular click and collect option for online customers;
- suppliers – maximised potential future revenues and opportunities for suppliers to maintain their business with QUIZ; and
- shareholders – improved future cash flows and profitability of the Group through securing lower annual lease costs.

This statement and the Strategic Report were reviewed and approved by the Board on 30 September 2021 and is signed on its behalf by:

TARAK RAMZAN CHIEF EXECUTIVE

30 September 2021

BOARD OF DIRECTORS

A

PETER COWGILL

**INDEPENDENT
NON-EXECUTIVE
CHAIRMAN**



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

N

TARAK RAMZAN

**CHIEF
EXECUTIVE**



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

GERARD SWEENEY

**CHIEF
FINANCIAL
OFFICER**



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

N R

A N R

SHERAZ RAMZAN

**CHIEF
COMMERCIAL
OFFICER**



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

CHARLOTTE O'SULLIVAN

**INDEPENDENT
NON-EXECUTIVE
DIRECTOR**



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

ROGER MATHER

**INDEPENDENT
NON-EXECUTIVE
DIRECTOR**



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

A Audit Committee

N Nomination Committee

R Remuneration Committee

Committee Chair

GOVERNANCE FRAMEWORK



PETER COWGILL
Independent Non-Executive Chairman

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

BOARD GOVERNANCE

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

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

THE BOARD OF DIRECTORS

The Board comprises three Executive Directors and three Non-Executive Directors reflecting a blend of different experience and backgrounds. Each of the Non-Executive Directors are considered "independent". Further details regarding the Directors are set out on pages 26 and 27.

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

ROLE OF THE BOARD

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

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

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

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

BUSINESS MODEL AND STRATEGY

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

Amongst the key challenges in executing its business model is ensuring products remain relevant and appropriately priced for QUIZ's customers. It works closely with employees, customers, supplier and partners in executing its strategy. Further details of this engagement are given in the Section 172 Statement on pages 24 and 25.

HOW THE BOARD OPERATES

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

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

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

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

MATTERS RESERVED FOR THE BOARD

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

BOARD MEETINGS

The Board met nine times in the year.

This included five scheduled Board meetings with the items covered including the evaluation of financial performance; the monitoring of performance against key budgetary targets; updates on governance, finance, legal and risk matters; health and safety; and proposals for any major items of capital expenditure. For all scheduled Board meetings an agenda is established and a Board pack is circulated at least 48 hours ahead of the meeting.

Attendance at meetings during the year is noted below.

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

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

In addition to scheduled meetings, the Board will convene to consider significant issues as they arise. There were four Board meetings in the current year to consider such issues which included the administration of the subsidiary Kast Retail Limited and consideration of supply chain issues which arose during the year.

BOARD COMMITTEES

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

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

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

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

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

TIME COMMITMENTS

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

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

EVALUATION

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

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

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

DEVELOPMENT

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

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

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

As at 28 September 2021, the Board has met twice, the Audit Committee has met twice and the Remuneration and Nomination Committees have met once since the end of the financial year. All applicable Directors attended these meetings. Gerard Sweeney resigned from the Remuneration Committee during the year.

GOVERNANCE FRAMEWORK CONTINUED

EXTERNAL APPOINTMENTS

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

CONFLICTS OF INTEREST

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

INDEPENDENT PROFESSIONAL ADVICE

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

ANNUAL GENERAL MEETING ("AGM")

The Company's AGM will take place on 25 November 2021. The Annual Report and Accounts and Notice of the AGM will be sent to shareholders in advance of this date.

AUDITORS' INDEPENDENCE

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

PETER COWGILL NON-EXECUTIVE CHAIRMAN

30 September 2021

AUDIT COMMITTEE REPORT



ROGER MATHER

Committee Chair

OTHER MEMBERS

Peter Cowgill

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 March 2021.

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

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

MEMBERS OF THE AUDIT COMMITTEE

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

The external auditors (RSM UK Audit LLP), Chief Executive and Chief Financial Officer also attend Committee meetings by invitation. The Committee has met twice since 30 November 2020, being the date the Group's last Annual Report was approved.

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

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

DUTIES

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

Matters considered at these meetings included:

- reviewing and approving the Annual Report and Financial Statements for the year ended 31 March 2021;
- discussion with the external auditors to confirm their independence and scope for audit work;

- considering the reports from external auditors identifying any accounting or judgemental issues requiring the Board's attention; and
- observations of internal controls and reviewing the Company's risks.

The Committee meets a minimum of twice per year.

ROLE OF THE EXTERNAL AUDITORS

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

AUDIT PROCESS

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

INTERNAL AUDIT

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

WHISTLEBLOWING

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

GOING CONCERN

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

ROGER MATHER AUDIT COMMITTEE CHAIR

30 September 2021

NOMINATION COMMITTEE REPORT



CHARLOTTE O'SULLIVAN

Committee Chair

OTHER MEMBERS

Tarak Ramzan
Roger Mather

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2021.

MEMBERS OF THE NOMINATION COMMITTEE

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

DUTIES

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

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

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

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

ACTIVITY DURING THE YEAR

The Committee met once during the year. Given that there have been no resignations there was no requirement for recruitment to the Board in the current year.

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

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

TERMS OF REFERENCE

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

CHARLOTTE O'SULLIVAN NOMINATION COMMITTEE CHAIR

30 September 2021

DIRECTORS' REMUNERATION REPORT



ROGER MATHER

Committee Chair

OTHER MEMBERS

Charlotte O'Sullivan

On behalf of the Board, I am pleased to present the Remuneration Committee Report for the year ended 31 March 2021.

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

MEMBERS OF THE REMUNERATION COMMITTEE

The Remuneration Committee comprises two Non-Executive Directors, me, as Chair of the Committee and Charlotte O'Sullivan. Gerard Sweeney, the Chief Financial Officer, was a member of the Remuneration Committee during the year until he resigned from the Committee on 19 January 2021 to ensure compliance with best practice with regards to membership criteria.

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

DUTIES

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

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

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

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

The Remuneration Committee meets at least twice a year.

PRINCIPLES APPLIED

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

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

REMUNERATION OF NON-EXECUTIVE DIRECTORS

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

Each Non-Executive Director who was in office during the year was initially appointed for a 36-month term from 28 July 2017 unless terminated earlier by either party giving the other two months' written notice. Each continues in their position with the same conditions with regards to termination.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

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

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

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

DIRECTORS' REMUNERATION REPORT CONTINUED

SALARIES, BONUSES AND OTHER INCENTIVE SCHEMES

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

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

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

- the QUIZ Employee Share Option Plan ("ESOP"), which enables non-tax advantaged options to be granted to the same category of individuals.

Options granted under the CSOP and ESOP generally vest after three years. No options were granted under the CSOP or ESOP in the year. Currently the ESOP is not being utilised.

The price per share payable on their exercise will normally be equal to the market value of a share on the date they were originally granted. Further detail of the options granted are provided in Note 25.

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

The following information is required by the AIM Rules:

	Basic salary/fees £000	Bonus £000	Taxable benefits £000	Pension contributions £000	2021 Total £000	Basic salary/fees £000	Bonus £000	Taxable benefits £000	Pension contributions £000	2020 Total £000
Executive Directors										
Tarak Ramzan	158	—	15	22	195	180	—	16	22	218
Gerard Sweeney	127	—	10	13	150	130	—	10	13	153
Sheraz Ramzan	117	—	9	13	139	130	—	9	13	152
Non-Executive Directors										
Peter Cowgill	65	—	—	1	66	75	—	—	1	76
Charlotte O'Sullivan	34	—	—	1	35	35	—	—	1	36
Roger Mather	39	—	—	—	39	40	—	—	—	40
	540	—	34	50	624	590	—	35	50	675

Further to the challenging trading conditions experienced during the COVID-19 pandemic, the Directors supported the business by reducing their salaries by between 10% and 50% for a three-month period. In addition, the Executive Directors deferred the payment of a proportion of their salaries by between 10% and 50% for the remainder of the year. As a result, total salary payments of £116,250 included in the table above have been deferred; comprising £67,500 due to Tarak Ramzan, £9,750 due to Gerard Sweeney and £39,000 due to Sheraz Ramzan. These deferred payments remain outstanding. It is intended that they will be paid to the directors when the business has stabilised which will be determined by reference to the financial results for each six-month period post 31 March 2021.

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

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

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

WARRANT INSTRUMENT

	31 March 2019	Granted	Exercised	31 March 2020	Granted	Exercised	31 March 2021	Exercise price (pence)
Peter Cowgill	186,355	—	—	186,355	—	—	186,355	80.50

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

OPTIONS GRANTED UNDER THE CSOP

	Scheme	31 March 2020	Granted	Exercised	Surrendered	31 March 2021	Exercise price (pence)
Gerard Sweeney	CSOP	180,600	—	—	—	180,600	15.75

The above options vest after three years and have no performance conditions. Further details of the CSOP are outlined in Note 25 of the financial statements.

EXTERNAL NON-EXECUTIVE DIRECTOR POSITIONS

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

SHARE PRICE INFORMATION

The market price of the QUIZ plc ordinary shares at 31 March 2021 was 12.78 pence and the range during the year was 4.75–12.78 pence.

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

The interests of the Directors and their immediate families in the Group's ordinary shares as at 31 March 2021 were as follows:

	Beneficially owned		Unvested outstanding share awards	
	2021	2020	2021	2020
Executive Directors				
Tarak Ramzan	25,313,539	25,313,539	—	—
Gerard Sweeney	12,422	12,422	180,600	180,600
Sheraz Ramzan	6,579,334	6,579,334	—	—
Non-Executive Directors				
Peter Cowgill	93,168	93,168	186,335	186,335
Charlotte O'Sullivan	6,213	6,213	—	—
Roger Mather	12,422	12,422	—	—

ROGER MATHER REMUNERATION COMMITTEE CHAIR

30 September 2021

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and Auditors' Report, for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The Directors are required to prepare the financial statements in accordance with applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. These set out the requirement for a fair review of the business, its position at the year end and a description of the principal risks and uncertainties facing the Group. The Strategic Report on pages 2 to 25 provides this commentary and these are incorporated by cross-reference and form part of this report.

RESULTS AND DIVIDENDS

Results for the year ended 31 March 2021 are set out in the consolidated statement of comprehensive income on page 45. No dividends were paid in the current or prior year and no final dividend is recommended.

DIRECTORS

The biographies of the Directors in office at the date of this report are set out on pages 26 and 27.

Details of the Directors' beneficial interests are set out in the Remuneration Report on page 35.

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

SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS

Details of the issued share capital, together with details of the movements during the year, are shown in Note 24 to the financial statements. The Company has one class of ordinary share and each ordinary share carries the right to one vote at general meetings of the Company.

At 31 March 2021 the Company had been notified of the following substantial shareholders comprising 3% or more of the issued ordinary share capital of the Company:

	% of issued share capital held
Tarak Ramzan	14.3
Stonehage Fleming & Partners	11.9
Schroder Investment Management Limited	11.2
Omar Aziz	6.4
Kasim Akram	6.3
Nusrat Ramzan	6.1
Sheraz Ramzan	5.3
Mussarat Ramzan	5.2
Hargreaves Lansdown Asset Management	5.1
Haris Ramzan	5.0
Quaero Capital	4.4
Interactive Investor	4.1

FINANCIAL RISK MANAGEMENT

Details of financial risk management, objectives and policies are detailed in Note 29 to the financial statements.

GOING CONCERN

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

POST-BALANCE SHEET EVENTS

There are no material post-balance sheet events to be disclosed.

FUTURE DEVELOPMENTS

The Strategic Report on pages 2 to 25 sets out the likely future developments of the Group.

POLITICAL DONATIONS

No political donations were made during the year under review (2020: £Nil).

ENGAGEMENT WITH STAKEHOLDERS

The Board's responsibilities to promote the success of the Group are outlined in the Section 172 Statement on pages 24 and 25. Whilst not a requirement under Jersey Company law, disclosures are presented in line with the requirements of Section 172 of the United Kingdom Companies Act 2006, as modified by the Companies (Miscellaneous Reporting) Regulations 2018.

STREAMLINED ENERGY AND CARBON REPORTING

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

EMPLOYEE INVOLVEMENT

The Directors recognise that communication with the Group's employees is essential and the Group places importance on the contributions and views of its employees. Details of employee involvement are set out in the Social Responsibility Report on page 22 and Section 172 Statement on page 24.

DISABLED EMPLOYEES

Details of the Group's policy in relation to disabled employees are set out in the Social Responsibility Report on page 23.

DISCLOSURE OF INFORMATION TO THE AUDITORS

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

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

AUDITORS

The auditors, RSM UK Audit LLP, have indicated their willingness to continue in office and a resolution seeking to re-appoint them will be proposed at the AGM. This Directors' Report was approved by the Board of Directors and authorised for issue on 30 September 2021.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 25 November 2021.

GERARD SWEENEY COMPANY SECRETARY
30 September 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Jersey company law requires the Directors to prepare Group financial statements for a period of not more than 18 months in accordance with generally accepted accounting principles. The Directors have elected under the AIM Rules of the London Stock Exchange and Jersey company law to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial statements of the Group are required by law to give a true and fair view of the state of the Group's affairs at the end of the financial period and of the profit or loss of the Group for that period and are required by International Accounting Standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and performance of the Group.

In preparing the Group financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Quiz plc website.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

TARAK RAMZAN CHIEF EXECUTIVE
GERARD SWEENEY CHIEF FINANCIAL OFFICER
30 September 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF QUIZ PLC

OPINION

We have audited the financial statements of Quiz PLC and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Review of management's approved board paper which set out the going concern basis, key forecasting assumptions, sensitivities and conclusion.
- Obtaining copies of management's forecasts and sensitivity analysis for the Group and checking the mathematical accuracy of the forecasts.
- Assessment of the forecasts compared to historical trading results and the key assumptions for expected growth, margin improvement and capital expenditure plans.
- Undertaking our own stress test to consider circumstances under which headroom would be eroded.
- Verifying the committed facilities available to the Group for the forecast period and the headroom this provided to the Group.

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.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	<ul style="list-style-type: none">Valuation of inventory.Coronavirus Job Retention Scheme income.Accounting for loss of control of Kast Retail Limited and Zandra Retail Limited asset purchase agreement.Going concern.
Materiality	<ul style="list-style-type: none">Overall materiality: £509,000 (2020: £501,000).Performance materiality: £382,000 (2020: £376,000).
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 98% of profit before tax.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF QUIZ PLC

KEY AUDIT MATTERS

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

Valuation of inventory

Key audit matter description (as noted in the critical estimates and judgements section of the financial statements on page 55)	<p>The Group purchases a significant quantity of its inventory from overseas suppliers. The impact of foreign exchange movements, together with the inherent nature of the goods which are typically subjected to high stock-turn, increases the risk that unit costs are not accurately reflected in the underlying stock records, meaning the cost against which net realisable value is compared may be incorrectly recorded in the underlying stock records.</p> <p>For periods during the year, including immediately prior to the year end, the Group was forced to close all of its UK stores and concessions in response to the COVID 19 pandemic. This is likely to have had a significant impact on the underlying net realisable value of year end stock which is expected to result in discounting to react to changes in consumer tastes.</p> <p>As a result, there is an increased risk that stock is not carried at the lower of cost and net realisable value and that the level of provisions is not sufficient. The Group has made provision for anticipated slow moving and unsaleable stock based upon the ageing profile of stock lines and on future anticipated demand of the most recent stock lines.</p> <p>Provision of £3,688,000 (2020: £4,305,000) has been made against stock, leaving a carrying value of £11,087,000 (2020: £9,693,000). This provisioning has been made based on the ageing of stock lines and anticipated sell through.</p>
How the matter was addressed in the audit	<p>We documented and reconfirmed our understanding of the Group's policies in relation to the measurement of unit cost, classification of current trends/seasons and the determination and application of provisions against the carrying value of stock.</p> <p>We completed tests of detail to test the unit cost for a sample of stock lines to source documentation from suppliers and compared that value to proceeds from subsequent sales.</p> <p>We reviewed post year end trading activity to compare net realisable value with the carrying value at the reporting date to test whether the provision applied by management is free from material misstatement either as a result of error or bias.</p> <p>We reviewed and challenged the reasonableness and appropriateness of the policy and current year's inventory provision.</p> <p>We also considered the reasonableness of the prior year inventory provision.</p>

Coronavirus Job Retention Scheme income

Key audit matter description (as detailed in note 5 on page 57)	<p>During the year the Group utilised the Coronavirus Job Retention Scheme in place due to the closures of businesses impacted by the COVID-19 pandemic. The Group received support from the government of £6,943,000 (2020: £Nil).</p> <p>The scheme provides for the reimbursement of wages for employees who were placed on furlough leave. Under the scheme the Group applied for the reimbursement of up to 80% of employees' wage costs up to £2,500 per month for wages payable from 1 April 2020.</p> <p>The penalties for errors can result in large HMRC fines therefore there is a potential for material impact on the financial statements.</p>
How the matter was addressed in the audit	<p>We undertook a detailed discussion around the claim process and controls in place to understand the potential risks.</p> <p>We engaged a specialist to review specific areas of the claims, where necessary.</p> <p>We undertook detailed testing on the furlough grant income.</p> <p>We considered whether the furlough income was correctly disclosed separately as other operating income and that a new accounting policy is included within the financial statements.</p>

KEY AUDIT MATTERS continued**Accounting for loss of control of Kast Retail Limited and Zandra Retail Limited asset purchase agreement**

Key audit matter description (as noted in the critical estimates and judgements section of the financial statements on page 55 and note 8 and 9 on page 58)	<p>Kast Retail Limited and its subsidiary Kast International Spain SL, suffered most severely from the lockdowns imposed by the UK Government in March 2020. As the companies were forced to close stores during lockdown, arrears of property related costs built up and in June 2020 the companies entered Administration. A gain on the entering into administration of subsidiary undertaking amounting to £10,364,000 (2020: £Nil) was recognised in the income statement.</p> <p>An agreement was subsequently reached for the newly formed Group entity, Zandra Retail Limited, to purchase the assets and business of Kast Retail Limited from the Administrator. Selected assets were purchased for total consideration of £1.3m by Zandra Retail Limited.</p> <p>The purchase of trade and assets has been accounted for as a business combination under IFRS 3: Business Combinations.</p> <p>A gain on bargain purchase arising on acquisition amounting to £5,216,000 (2020: £Nil) was recognised in the income statement.</p>
How the matter was addressed in the audit	<p>We considered the treatment of the Kast Retail administration and loss of control by the Group the derecognition of the net assets at the point Kast Retail and its subsidiary entered administration and calculation of the gain on disposal of subsidiary undertaking.</p> <p>We reviewed the sale and purchase agreement and challenged management's assessment of whether the transaction met the definition of a business combination in line with the requirements of IFRS 3.</p> <p>We reviewed and recalculated the gain on bargain purchase and we challenged management's initial assessment of fair values and asked them to reassess these as required when there is a bargain purchase.</p> <p>We reviewed the accuracy and completeness of disclosures in the financial statements to consider whether these are in line with the accounting standards and recommended to management changes to the disclosure which were subsequently updated.</p>

Going concern

Key audit matter description (as detailed in the accounting policies of the financial statements on page 49)	<p>In considering the going concern basis of accounting management should make and document an assessment of the Group's ability to continue as a going concern which must cover a period of at least twelve months from the date of approval of the financial statements.</p> <p>When making their assessment, if management are aware of material uncertainties related to events or conditions that may cast significant doubt upon the ability to continue as a going concern, then those uncertainties shall be disclosed.</p> <p>In relation to management's going concern assessment we required a detailed and robust review of up to date forecasts, cash flows, sensitivity analyses and reviews of contingency plans and impact assessments to be conducted by management.</p>
How the matter was addressed in the audit	See details under conclusions relating to going concern.

OUR APPLICATION OF MATERIALITY

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

Overall materiality	£509,000 (2020: £501,000).
Basis for determining overall materiality	5% of result before tax based on planning information after adjustment for the exceptional gain on the administration and gain on bargain purchase of Kast Retail.
Rationale for benchmark applied	Underlying result before tax is key driver for shareholders.
Performance materiality	£382,000 (2020: £376,000).
Basis for determining performance materiality	75% of overall materiality.
Reporting of misstatements to the Audit Committee	Misstatements in excess of £25,400 and misstatements below that threshold that, in our view, war-ranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF QUIZ PLC

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The group consisted of 10 components, the majority of which are based in the UK, with operations in ROI and in Spain.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	8	100%	100%	98%
Specific audit procedures	2	100%	100%	2%
Total	10	100%	100%	100%

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 38, 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 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 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.

THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD continued

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

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

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

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

The most significant laws and regulations were determined as follows:

Legislation/Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS, Companies (Jersey) Law 1991 and AIM Listing Rules	Review of the financial statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance.
Employment legislation (including Coronavirus Job Retention Scheme regulations	See the key audit matters section of this report for work performed on this area.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the Group audit engagement team:
Revenue recognition	We documented and carried out walk-through tests on the systems and controls relevant to revenue and tested the amounts reported in the financial statements using data analytics and tests of detail.
Carrying value of Group goodwill and other intangibles	We reviewed evidence prepared by management to support their opinion that the carrying values are reasonable. Such evidence included cash flow and profit forecasts prepared by management. We reviewed the integrity and accuracy of the models used and challenged the assumptions in relation to future performance. We reviewed the discount rate utilised in the impairment review to evaluate the suitability of the discount rate.
Valuation of inventory	See the key audit matters section of this report for work performed on this area.
Management override of controls	<ul style="list-style-type: none">• Testing the appropriateness of journal entries and other adjustments;• Challenging management in relation to accounting estimates for inventory provisions;• Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and• Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF QUIZ PLC

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

GRAHAM BOND FCA

FOR AND ON BEHALF OF RSM UK AUDIT LLP, AUDITOR

CHARTERED ACCOUNTANTS

14TH FLOOR

20 CHAPEL STREET

LIVERPOOL

L3 9AG

30 September 2021

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, including the FRC's Ethical Standard as applied to listed entities, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2021

	Notes	2021 £000	2020 £000
Continuing operations			
Revenue	3	39,703	118,020
Cost of sales		(18,516)	(46,892)
Gross profit		21,187	71,128
Recurring administrative costs		(30,476)	(54,681)
Non-recurring administrative costs	4	—	(26,337)
Total administrative costs		(30,476)	(81,018)
Distribution costs		(8,304)	(18,810)
Government grants	5	8,163	—
Other operating income		69	38
Total operating costs		(30,548)	(99,790)
Operating loss	7	(9,361)	(28,662)
Gain arising on disposal of subsidiary undertaking	8	10,364	—
Gain on bargain purchase arising on acquisition	9	5,216	—
Profit/(loss) before financing and taxation		6,220	(28,662)
Finance income	10	45	28
Finance costs	10	(239)	(811)
Profit/(loss) before income tax		6,027	(29,445)
Income tax credit	11	186	418
Profit/(loss) for the year		6,212	(29,027)
Other comprehensive income			
Foreign currency translation differences – foreign operations		(20)	62
Profit/(loss) and total comprehensive income for the year attributable to owners of the parent		6,192	(28,965)
Profit/(loss) per share			
Basic and diluted earnings per share	12	5.00p	(23.37)p

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	31 March 2021 £000	31 March 2020 £000
Assets			
Non-current assets			
Property, plant and equipment	14	5,218	7,270
Right-of-use assets	15	2,981	2,992
Intangible assets	16	3,413	4,061
Deferred tax assets	22	74	—
Total non-current assets		11,686	14,323
Current assets			
Inventories	17	11,087	9,693
Trade and other receivables	18	3,590	7,110
Cash and cash equivalents	26	4,183	6,897
Total current assets		18,860	23,700
Total assets		30,546	38,023
Liabilities			
Current liabilities			
Trade and other payables	19	(8,202)	(11,367)
Loans and borrowings	20	(2,662)	—
Lease liabilities	15	(1,866)	(6,388)
Derivative financial liabilities	21	(21)	(36)
Corporation tax payable		—	(149)
Total current liabilities		(12,751)	(17,940)
Non-current liabilities			
Lease liabilities	15	(1,099)	(9,950)
Deferred tax liabilities	22	(74)	(7)
Total non-current liabilities		(1,173)	(9,957)
Total liabilities		(13,924)	(27,897)
Net assets		16,622	10,126
Equity			
Called-up share capital	24	373	373
Share premium	24	10,315	10,315
Merger reserve	24	1,130	915
Retained earnings	24	4,804	(1,477)
Total equity attributable to the owners of the parent company		16,622	10,126

These financial statements of QUIZ plc, registered number 123460, on pages 45 to 71 were approved by the Board of Directors and authorised for issue on 30 September 2021 and were signed on its behalf by:

TARAK RAMZAN
CHIEF EXECUTIVE
30 September 2021

GERARD SWEENEY
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2021

	Notes	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000
At 1 April 2019		373	10,315	915	29,196	40,799
Loss and total comprehensive income for the year		—	—	—	(28,965)	(28,965)
Impact of IFRS 16 implementation		—	—	—	(1,739)	(1,739)
Share-based payments charge	25	—	—	—	31	31
At 31 March 2020		373	10,315	915	(1,477)	10,126
Profit and total comprehensive income for the year		—	—	—	6,192	6,192
Share-based payments charge	25	—	—	—	89	89
Movement arising from administration of subsidiary	24	—	—	215	—	215
At 31 March 2021		373	10,315	1,130	4,804	16,622

All equity is attributable to the owners of the parent for both financial years.

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2021

	Notes	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Cash flows from operating activities			
Cash generated by operations			
Profit/(loss) for the year		6,212	(29,027)
Adjusted for:			
Depreciation of property, plant and equipment		2,153	3,911
Impairment of property, plant and equipment		—	7,350
Depreciation of right-of-use assets		1,447	6,117
Impairment of right-of-use assets		—	11,208
Amortisation of intangible assets		868	467
Impairment of intangible assets		—	5,230
Gain from disposal of subsidiary undertaking		(10,364)	—
Gain from acquisition		(5,216)	—
Share-based payment charges		89	31
Exchange movement		(2)	87
Finance cost expense		194	783
Income tax credit		(186)	(418)
(Increase)/decrease in inventories		(1,486)	4,760
Decrease in receivables		2,517	4,920
Increase/(decrease) in payables		1,266	(4,273)
Net cash generated from operating activities		(2,509)	11,146
Interest paid		(55)	(696)
Income taxes refunded/(paid)		97	(255)
Net cash (outflow)/inflow from operating activities		(2,467)	10,195
Cash flows from investing activities			
Payments to acquire intangible assets		(220)	(1,528)
Payments to acquire property, plant and equipment		(101)	(2,548)
Payment to acquire trade and assets		(1,302)	—
Interest received		45	28
Net cash outflow from investing activities		(1,578)	(4,048)
Cash flows from financing activities			
Loans received		1,406	—
Repayment of borrowings		—	(40)
Payment of lease liabilities		(1,316)	(6,739)
Net cash inflow/(outflow) from financing activities	26	90	(6,779)
Net decrease in cash and cash equivalents	26	(3,955)	(632)
Cash and cash equivalents at beginning of year		6,897	7,555
Effect of foreign exchange rates		(15)	(26)
Cash and cash equivalents at end of year	27	2,927	6,897

The Group considers overdrafts to be an integral part of its cash management activities and these are included in cash and cash equivalence for the purposes of the cash flow statement.

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

QUIZ plc (the "parent company") is a public limited company, incorporated and domiciled in Jersey. It is listed on AIM. The registered office of the Company is 22 Grenville Street, St Helier, Jersey, Channel Islands JE4 8PX, and the principal activities and nature of the Group's operations are set out in the Strategic Report on pages 2 to 25.

These financial statements for the year ended 31 March 2021 have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Companies (Jersey) Law 1991.

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

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

The preparation of financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported year. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Basis of consolidation

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

Business combinations

Acquisitions are accounted for using the acquisition method of accounting. The cost of an acquisition is the aggregate of the fair values of the assets transferred, liabilities incurred or assumed, and equity instruments issued at the date of acquisition. The consideration transferred includes the fair value of the asset or liability resulting from a deferred or contingent consideration arrangement, unless that arrangement is dependent on continued employment of the beneficiaries. Costs directly relating to an acquisition are expensed to the income statement. The identified assets and liabilities and contingent liabilities are measured at their fair value at the date of acquisition.

The excess of cost of acquisition over the aggregate fair value of the Group's share of the net identified assets plus identified intangible assets is recorded as goodwill.

Should a gain from a bargain purchase arise due to the aggregate fair value of the Group's share of the net identified assets plus identified intangible assets being in excess of the cost of acquisition the gain on bargain purchase generated is recognised as a gain in the comprehensive income statement.

Adoption of new and revised standards

There have been no new IAS adopted in the current year which have materially impacted the Group's financial statements.

Going concern

As with many businesses in the retail sector, the Group has been significantly impacted by COVID-19. The impact and management's response to it are set out in detail within the CEO's Report and Financial Review.

The key judgements in relation to the going concern assessment are in respect of the potential impact of COVID-19 on the Group and the likelihood and impact of further social restrictions or lockdowns, including their duration and the impact on consumer demand in the markets in which the Group operates.

When making these judgements, the Directors considered the current trading levels, which have been consistent with management's expectation, and the outlook for the Group against their detailed base case scenario and further downside scenarios.

At 31 March 2021, the Group had cash net of bank borrowings of £1.5 million, being a £4.2 million cash balance offset by a bank loan and overdraft totalling £2.7 million, and £0.9 million of unutilised banking facilities (2020: £6.9 million of net cash and £3.5 million of unutilised banking facilities).

Borrowing facilities

The Group has £3.5 million of banking facilities, which were recently extended until 30 September 2022. These facilities comprise a £2.0 million overdraft and £1.5 million working capital facility. There are no financial covenants associated with these facilities, which are reviewed annually. Whilst the facilities are repayable on demand the Directors believe that these facilities will be available to the Group through to 30 September 2022 and will be renewed in due course.

The Group had net cash of £3.8 million at 28 September 2021, being a £4.9 million cash balance offset by a bank loan and overdraft totalling £1.1 million and £2.4 million of unutilised banking facilities.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

1 SIGNIFICANT ACCOUNTING POLICIES continued**Going concern** continued**Forecast scenarios**

The Directors have reviewed management's business plan forecast for the period to 31 March 2023. The forecasts have been produced on the following basis:

- Base case scenario assumes stores and concessions are open throughout the period under review. A sales recovery is assumed to levels 5-10% below those generated prior to COVID-19 on a like-for-like basis throughout the period under review for stores and concessions. Web sales are assumed to recover to previous levels by November 2021 and to achieve modest growth from April 2022. This reflects management's estimates for the speed and extent of the recovery across its different sales channels and markets. The assumed sales levels are consistent with those currently achieved.
- Downside scenario assumes reduced sales in the period from September 2021 to April 2022 to reflect reduced demand including assumed reductions in store and concessions sales of 25% on a like-for-like basis in November and December 2021 and 80% in January and February 2022. Online sales are assumed to be 30% below their base case scenario.

Within each forecast, management have reflected outstanding financial commitments and the impact of previously realised cost savings. There are no further anticipated savings incorporated in response to any downside scenario for reduced revenues nor is there any Government support or subsidies assumed, other than those previously announced at the date of this report. Further actions could be undertaken to mitigate against any shortfalls arising from these scenarios. These include reducing operating costs and capital expenditure, ceasing or suspending loss-making activities and optimising working capital.

The Base Case and Downside scenario forecasts indicate the Group will remain within its available borrowing facilities through the forthcoming twelve month period. Under the downside scenario the Group has more than £2.6 million available liquidity headroom through-out the period under consideration.

Going concern basis

Based on the assessment outlined above, the Directors have a reasonable expectation that the Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future, being a period of at least twelve months from the date when these financial statements are authorised to be issued. For these reasons, the Directors consider it appropriate for the Group to continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements. Accordingly, the financial statements of the Group have been prepared on a going concern basis in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Companies (Jersey) Law 1991.

Intangible assets**Goodwill**

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

Other intangible assets

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

Computer software	between 5 and 10 years
Trademarks	10 years

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

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

Property, plant and equipment

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES continued

Right-of-use assets and lease liabilities

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

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

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

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

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

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

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

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

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

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

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

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

The Directors consider an individual retail store to be a CGU, and in the current year have performed an impairment review for each CGU. The discount rate used in the value-in-use calculation is the Group's weighted average cost of capital of 10% (2020: 10.0%).

The carrying value and impairment charge recognised for in the prior period is shown in Notes 4, 14 and 15. For the year ended 31 March 2021 no impairment charge is required (2020: £18.6 million).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

1 SIGNIFICANT ACCOUNTING POLICIES continued**Revenue recognition**

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

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

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

Returns

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

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

Government grants

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

Government grants are recognised in the Income Statement on a systematic basis over the periods in which the Group recognises expenses and related costs for which the grants are intended to compensate. The receipt of Government grants in respect of the Coronavirus Job Retention Scheme are included as other operating income in the period when the employee wages, which are supplemented by the grant payment, are paid.

Taxation

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

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

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

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

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

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

Inventories

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

Finance income and finance costs

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

1 SIGNIFICANT ACCOUNTING POLICIES continued

Employee benefits

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

Retirement benefits

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

Foreign currency transactions

Functional and presentation currency

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

Transactions and balances

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

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

Provisions

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

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

Segment reporting

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

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

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

Financial instruments

Recognition of financial instruments

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

Financial assets

Initial and subsequent measurement of financial assets

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

Impairment of financial assets

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

1 SIGNIFICANT ACCOUNTING POLICIES continued**Financial instruments** continued**Financial assets** continued**Cash and cash equivalents**

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

Trade receivables

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

Financial liabilities and equity

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

Initial and subsequent measurement of financial liabilities

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

Bank borrowings and bank overdrafts

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

Equity instruments

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

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

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

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

Derivative financial instruments

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

Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 25.

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES continued

Critical accounting estimates and judgements

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

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

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

Business combination

As detailed in Note 9, during the year Zandra Retail Limited ("Zandra") acquired the trade and assets of Kast Retail Limited (In Administration) ("Kast") obtaining control of this business. As part of this purchase all the stock and property, plant and equipment was retained. In addition, 822 of the 915 Kast employees were transferred to Zandra. Kast previously operated the head office and distribution centre for the Group. Further to the acquisition, Zandra entered into new leases for these properties and continued the operations previously conducted. Zandra subsequently agreed new leases for 66 of 82 stores previously operated by Kast and continued to trade as QUIZ, honouring any gift cards or credit notes customers may have.

Given these circumstances the acquisition of Kast is considered to be a business combination and the assets acquired and liabilities assumed have been recognised at fair value.

Depreciation and amortisation

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

Inventory provision

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

In the current year, management performed an assessment of all inventory, taking into consideration current sales and forecast sell-through plans to consider the impact on the period-end stock holding. The provision for aged inventory is calculated by providing for 70% of inventory that is more than three seasons old and providing for 100% of inventory that is more than three years old. Given the disruption to trade created by COVID-19 the Group has provided up to 25% of the remaining inventory in the current year. Given this approach the provision for aged inventory totalled £3,688,000 at 31 March 2021 (2020: £4,305,000).

Returns provision

The accounting estimate related to the return of stocks sold online is susceptible to changes from period to period. The value of expected returns of £979,000 (2020: £768,000) is estimated using recent past experience and a review of returns received post year end. The provision reflecting the impact of these anticipated returns on the income statement is included in the other payables balance.

Non-recurring items

Non-recurring items are separately reported as the Directors believe that this helps provide a better indication of the underlying performance of the Group. Judgement is required in determining whether an item should be classified as non-recurring or included within underlying results. This assessment covers the nature, the materiality and the recurrence of the item on reported performance. Reversals of previous non-recurring items are assessed based on the same criteria. Further detail is provided below in Notes 4, 8 and 9.

2 NEW ACCOUNTING PRONOUNCEMENTS

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

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

3 REVENUE

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

	2021 £000	2020 £000
Online	21,621	37,485
International	7,592	21,789
UK Stores and concessions	10,491	58,746
	39,703	118,020
	2021 £000	2020 £000
United Kingdom	31,565	95,288
Rest of the world	8,138	22,732
	39,703	118,020

The Group did not have any customers that comprised more than 10% of revenues generated in both financial years.

As at 31 March 2021 non-current assets in the United Kingdom were £11,528,000 (2020: £14,097,000) with £158,000 (2020: £226,000) located in the rest of the world.

As disclosed in the accounting policies on page 49, the Directors have determined that there is only one reportable segment under IFRS 8.

4 ADMINISTRATIVE COSTS

Administrative costs include the following non-recurring items:

	2021 £000	2020 £000
Impairment of right-of-use assets	—	11,208
Impairment of property, plant and equipment	—	7,350
Write-down of inventory	—	2,165
Impairment of goodwill	—	5,230
Write-off of debt	—	384
	—	26,337

Impairment of right-of-use assets

The £11,208,000 charge in the year ended 31 March 2020 in relation to the impairment of right-of-use assets relates to the value previously attributed to the right-of-use assets associated with standalone stores.

The impairment charges arose further to a decline in footfall in stores leading to a number of them becoming unprofitable during the year. In addition, Kast Retail Limited which operated the standalone stores was placed into administration on 10 June 2020. Further to this all the leases associated with standalone stores were terminated resulting in a reduction in value previously attributed to these leases.

Impairment of property, plant and equipment

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

The net present value of future cash flows is calculated and discounted at the appropriate risk adjusted rate. Further to this, a £7,350,000 charge was recognised in relation to the impairment of property, plant and equipment in the year ended 31 March 2020.

Write-down of inventory

The £2,165,000 charge in the year ended 31 March 2020 was to provide against the value of excess stock retained by the business given the decline in demand during the year and the impact of stores and concessions being closed for a prolonged period of time. Given the circumstances slow moving stock was written down to its estimated realisable value.

Impairment of goodwill

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

4 ADMINISTRATIVE COSTS continued

Impairment of goodwill continued

The goodwill was assessed for impairment by comparing the carrying value to value-in-use calculations. Further to this assessment given the losses projected for the year ended 31 March 2021 and the uncertainty as to future performance the Directors considered that the goodwill was impaired by £5,230,000.

Write-off of debt

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

5 GOVERNMENT GRANTS

	2021 £000	2020 £000
Government support – furlough payments	6,943	–
Government support – grant income	1,220	–
	8,163	–

6 EMPLOYEE BENEFIT EXPENSES

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

	2021 £000	2020 £000
Wages and salaries	15,382	20,148
Social security costs	969	1,478
Other pension costs	299	338
Agency costs	939	3,211
Share-based payment charges	89	31
	17,678	25,206
	No.	No.
Retail	998	1,456
Distribution	46	66
Administration	206	214
	1,249	1,736

Included above is £624,000 in respect of Directors' remuneration (2020: £675,000). Further details on Directors' remuneration by individual can be found in the Directors' Remuneration Report on pages 33 to 35.

7 OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2021 £000	2020 £000
Cost of inventories recognised as an expense	18,516	46,892
Distribution costs	8,304	18,810
Employment costs	17,678	25,206
Depreciation	3,600	10,028
Amortisation	868	467
Short-term and variable lease costs	430	542
Non-recurring impairment of property, plant and equipment	–	7,350
Non-recurring impairment of right-of-use assets	–	11,208
Non-recurring write-down of inventory	–	2,165
Non-recurring impairment of goodwill	–	5,230
Non-recurring write-off of debt	–	384
Government grants	(8,163)	–
Other operating income	(69)	(38)
Other expenses	7,900	18,400
	49,064	146,682

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

7 OPERATING LOSS continued

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

	2021 £000	2020 £000
Audit services		
Audit of the Company and the consolidated financial statements	12	11
Audit of the Company's subsidiaries	80	62
Total audit fees	92	73
All other services	1	5
Total fees payable to the Company's auditors	93	78

8 GAIN ARISING FROM DISPOSAL OF SUBSIDIARY UNDERTAKING

The Group's 82 standalone stores in the United Kingdom and the Republic of Ireland were operated by Kast Retail Limited ("Kast"). The Group's three standalone stores in Spain were operated by Kast International Spain SL, a wholly owned subsidiary of Kast. On 10 June 2020, the Company announced proposals to restructure its standalone retail store portfolio which resulted in Kast being placed into administration and triggered the disposal of Kast by QUIZ plc which resulted in the gain below:

	£000
Disposal proceeds	—
Net liabilities of subsidiary undertaking disposed of	(10,364)
Gain arising on disposal of subsidiary undertaking	(10,364)

The net liabilities of the disposed subsidiary undertaking primarily related to lease liabilities in relation to leases associated with standalone stores.

9 GAIN ON BARGAIN PURCHASE ARISING ON ACQUISITION

Further to the appointment of joint administrators to Kast, Zandra Retail Limited ("Zandra"), a wholly owned subsidiary of the Company, acquired the business and certain assets of Kast, including inventories, fixtures and fittings, contracts and vehicles on 10 June 2020 for a cash consideration of £1,302,000.

Whilst none of the leases associated with the standalone stores operated by Kast transferred to Zandra, new lease arrangements were secured for the majority of the previous standalone stores.

The acquired business contributed revenues of £5,975,000 and profit after tax of £1,117,000 to the Group for the period from 10 June 2020 to 31 March 2021. As the trade acquired was operated by the Group for the whole reporting period the revenue and loss for the combined entity as though the acquisition date had been the beginning of the period are those shown in the consolidated income statement.

The gain on bargain purchase amounting to £5,216,000 on the acquisition, which arose as the deemed fair value of the assets acquired were greater than the consideration paid, has been recognised in the Statement for Comprehensive Income for the year.

Details of the acquisition are as follows:

	Fair Value £000
Receivables	266
Property, plant and equipment	5,429
Intangibles	1,199
Inventories	2,420
Trade payables	(2,036)
Employee benefits	(365)
Other liabilities	(395)
Net assets acquired	6,518
Gain on bargain purchase	(5,216)
Fair value of the total consideration transferred	1,302
Represented by:	
Cash paid to the vendor	1,302

The assets and liabilities acquired have been recognised at their estimated fair values at the acquisition date on the basis the business is being carried on as a going concern and is expected to generate a positive financial contribution going forward. The costs of the acquisition recognised as an expense as part of administration costs amounted to £194,000.

10 FINANCE INCOME AND EXPENSE

	2021 £000	2020 £000
Interest on cash deposits	45	28
Finance income	45	28

	2021 £000	2020 £000
Interest on lease liabilities	199	758
Interest on loans and overdrafts	38	13
Other interest	2	40
Finance expense	239	811

11 INCOME TAX

	2021 £000	2020 £000
UK corporation tax – current year	—	70
UK corporation tax – prior year	(170)	(95)
Foreign tax	(9)	(23)
Deferred tax – current year	(200)	(374)
Deferred tax – effect of adjustment in tax rate	—	(53)
Deferred tax – prior year	193	57
Tax on profit/(loss)	(186)	(418)
Reconciliation of effective tax rate		
Profit/(loss) on ordinary activities before taxation	6,027	(29,445)
Profit/(loss) on ordinary activities multiplied by standard rate of UK corporation tax of 19%	1,145	(5,595)
Expenses not deductible for tax purposes	(2,862)	1,135
Non-recognition of potential of deferred tax asset	1,494	3,940
Effect of adjustment in tax rate	—	53
Adjustments to previous years	23	(38)
Foreign tax adjustments	14	87
	(186)	(418)

12 EARNINGS PER SHARE

	2021 No.	2020 No.
Number of shares:		
Weighted number of ordinary shares outstanding – basic and diluted	124,230,905	124,230,905
Earnings:	£000	£000
Profit/(loss) basic and diluted	6,212	(29,027)
Loss adjusted	(9,368)	(2,690)
Earnings per share:	Pence	Pence
Basic earnings/(loss) per share	5.00	(23.37)
Adjusted basic loss per share	(7.54)	(2.17)

The diluted basic and adjusted earnings per share is the same as the basic and adjusted earnings per share each year.

The adjusted loss after tax in the current year is shown before the impact of the £15,580,000 of gains which arose from the disposal of a subsidiary undertaking which entered administration and the subsequent repurchase of its business and certain assets, as outlined in Notes 8 and 9.

The adjusted loss after tax in the previous year is shown before the impact of the non-recurring administrative costs of £26,337,000 (net of tax) as outlined in Note 4.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

13 DIVIDENDS

No dividends in respect of 2021 are proposed (2020: £Nil).

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold property £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2020	1,627	146	2,031	24,081	27,885
Additions	22	13	37	29	101
Disposals	(1,165)	(55)	(503)	(9,059)	(10,782)
At 31 March 2021	484	104	1,565	15,051	17,204
Depreciation					
At 1 April 2020	1,357	101	1,061	18,096	20,615
Charge	93	21	231	1,808	2,153
Disposals	(1,165)	(55)	(503)	(9,059)	(10,782)
At 31 March 2021	285	67	789	10,845	11,986
Net book value					
At 31 March 2021	199	37	776	4,206	5,218
At 31 March 2020	270	45	970	5,985	7,270
	Leasehold property £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2019	1,500	162	1,888	22,529	26,079
Additions	167	14	196	2,171	2,548
Disposals	(40)	(30)	(53)	(619)	(742)
At 31 March 2020	1,627	146	2,031	24,081	27,885
Depreciation and impairment					
At 1 April 2019	696	100	657	8,643	10,096
Charge	271	31	307	3,302	3,911
Impairment	430	—	150	6,770	7,350
Disposals	(40)	(30)	(53)	(619)	(742)
At 31 March 2020	1,357	101	1,061	18,096	20,615
Net book value					
At 31 March 2020	270	45	970	5,985	7,270
At 31 March 2019	804	62	1,231	13,886	15,983

15 RIGHT-OF-USE ASSET AND LEASE LIABILITIES

	Property £000
Cost	
At 1 April 2020	32,218
Additions	4,153
Disposals	(32,218)
At 31 March 2021	4,153
Depreciation	
At 1 April 2020	29,226
Charge	1,447
Disposals	(29,501)
At 31 March 2021	1,172
Net book value	
At 31 March 2021	2,981
At 31 March 2020	2,992
	Property £000
Cost	
Recognised on adoption of IFRS 16	32,461
Additions	2,217
Disposals	(2,460)
At 31 March 2020	32,218
Depreciation and impairment	
Recognised on adoption of IFRS 16	14,361
Charge	6,117
Impairment	11,208
Disposals	(2,460)
At 31 March 2020	29,226
Net book value	
At 31 March 2020	2,992
At 31 March 2019	—

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

15 RIGHT-OF-USE ASSET AND LEASE LIABILITIES continued

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

	2021 £000	2020 £000
At 1 April 2020	16,338	—
Recognised on adoption of IFRS16	—	20,860
Additions	4,153	2,217
Interest expense related to lease liabilities	199	758
Repayment of lease liabilities (including interest)	(1,316)	(7,497)
Leases terminated further to administration of subsidiary undertaking	(16,338)	—
Interest liability terminated further to administration of subsidiary undertaking	(71)	—
At 31 March 2021	2,965	16,338
Current lease liabilities	1,866	6,388
Non-current lease liabilities	1,099	9,950

The termination of leases arose further to Kast Retail Limited entering into administration during the year.

Cash outflows in respect of leases during the year amounted to £1,746,000 (2020: £7,281,000).

Short-term operating leases

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

	2021 £000	2020 £000
Within one year	48	239

16 INTANGIBLES

	Goodwill £000	Computer software £000	Trademarks £000	Total £000
Cost				
At 1 April 2020	6,175	4,085	165	10,425
Additions	—	220	—	220
Disposals	—	(679)	—	(679)
At 31 March 2021	6,175	3,626	165	9,966
Amortisation				
At 1 April 2020	5,230	1,090	44	6,364
Charge	18	834	16	868
Disposals	—	(679)	—	(679)
At 31 March 2021	5,248	1,245	60	6,553
Net book value				
At 31 March 2021	927	2,381	105	3,413
At 31 March 2020	945	2,995	121	4,061

16 INTANGIBLES continued

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

The goodwill arose when Shoar (Holdings) Limited acquired the entire share capital of Tarak Retail Limited in 2012 and reflects the difference between the fair value of the consideration transferred and the fair value of assets and liabilities purchased. Goodwill is assessed for impairment by comparing the carrying value to value-in-use calculations. Value in use has been estimated using cash flow projections based on detailed budgets and forecasts over the period of three years, with a decline rate of 5% (2020: 4%) and a pre-tax discount rate of 10% (2020: 10%) applied, being the Directors' estimate of the Group's cost of capital, with no terminal value. The budgets and forecasts are based on historical data and the past experience of the Directors as well as the future plans of the business. No reasonable change in any of the assumptions would result in an impairment charge and therefore no sensitivity analysis is disclosed. The Directors do not consider goodwill to be impaired in the current year (2020: £5,230,000).

17 INVENTORIES

	2021 £000	2020 £000
Finished goods and goods for resale	11,087	9,693

The cost of inventories recognised as an expense during the year in respect of continuing operations amounted to £18,516,000 (2020: £46,892,000). The cost of inventories recognised as an expense includes a net credit £617,000 (2020: expense of £1,939,000) in respect of write-downs of inventory to net realisable value. In addition, £2,165,000 of the non-recurring costs incurred in the prior year related to the write-down of inventories to net realisable value. Inventories are stated after provisions for impairment of £3,688,000 (2020: £4,305,000).

18 TRADE AND OTHER RECEIVABLES

	2021 £000	2020 £000
Trade receivables – gross	2,265	3,079
Less allowance for expected credit losses (calculated under IFRS 9)	(301)	(320)
Trade receivables – net	1,964	2,759
Other receivables	769	1,539
Prepayments and accrued income	857	2,810
Amounts owed by related parties	—	2
	3,590	7,110

The Directors consider that the fair value of trade and other receivables is not materially different from the carrying value. Standard payment terms with customers that receive credit are 28–30 days. Impairment losses on trade receivables are presented as net impairment losses within administrative costs. Further details regarding credit risk are disclosed in Note 29.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

19 TRADE AND OTHER PAYABLES

	2021 £000	2020 £000
Trade payables	4,025	6,852
Other taxes and social security costs	1,562	1,354
Accruals	2,149	2,301
Other payables	458	852
Amounts due to related parties	8	8
	8,202	11,367

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

Included within other payables at the year-end date was a balance of £52,000 (2020: £63,000) owed to the Group's pension scheme.

20 LOANS AND BORROWINGS

	2021 £000	2020 £000
Bank loans	1,406	—
Bank overdrafts	1,256	—
	2,662	—
Current	2,662	—
Non-current	—	—
	2,662	—

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

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

The bank overdraft and other credit facilities are annual facilities and are repayable on demand. These facilities were renewed after the year end and are next subject to review in September 2022.

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

21 DERIVATIVE FINANCIAL INSTRUMENTS

	2021 £000	2020 £000
Foreign currency options	21	36

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

As at 31 March 2021, the Group had commitments to buy the equivalent of £800,000 of Chinese Renminbi (2020: £3,200,000) and sell the equivalent of £Nil of Euros (2020: £854,000) and £Nil of US Dollars (2020: £324,000).

22 DEFERRED TAX

The following is an analysis of the deferred tax assets:

	2021 £000	2020 £000
Carried forward tax losses		
Balance brought forward	—	—
Credit to income statement	74	—
Balance at end of year	74	—

The following is an analysis of the deferred tax liabilities:

	2021 £000	2020 £000
Accelerated capital allowances		
Balance brought forward	7	378
Charge/(credit) to income statement	67	(370)
Effect of foreign exchange rates	—	(1)
Balance at end of year	74	7

At 31 March 2021 there was an unprovided deferred tax asset in relation to tax losses incurred of £1,922,000 (2020: £3,944,000). The tax losses in the previous year were predominantly incurred by a subsidiary which entered into Administration during the year and are no longer included as part of the unprovided deferred tax asset.

23 FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and liabilities. All financial liabilities are measured at amortised cost. The derivative liability, which is measured at fair value, is level 2 in the fair value hierarchy as disclosed in Note 21.

	2021 £000	2020 £000
Category of financial instruments		
Carrying value of financial assets:		
Cash and cash equivalents	2,723	6,897
Trade and other receivables	2,733	4,300
Total financial assets	5,456	11,197
Carrying value of financial liabilities:		
Trade and other payables	(6,640)	(10,013)
Bank and other borrowings	(2,662)	—
Derivative financial instruments	(21)	(36)
Lease liabilities	(2,965)	(16,338)
Total financial liabilities	(12,288)	(26,387)

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

24 SHARE CAPITAL AND RESERVES

	2021 £000	2020 £000
Share capital – allotted, called up and fully paid		
124,230,905 ordinary shares of 0.3 pence each (2020: 124,230,905)	373	373
Share premium	10,315	10,315

Share capital

The issued share capital at 31 March 2021 comprised 124,230,905 ordinary shares of 0.3 pence each with a nominal value of £372,693. The company has one class of ordinary share which have equal right, preferences and restrictions.

Share premium

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

Merger reserve

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

Retained earnings

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

25 SHARE-BASED PAYMENTS

The movement in awards during the year was:

Date of grant	Opening balance	Granted during the year	Lapsed during the year	Closing balance	Exercise price	Exercise period
						Pence
CSOP – 31/07/19	1,725,771	–	(195,674)	1,530,097	15.75	31/07/22-31/07/29
Warrants	186,335	–	–	186,335	80.5	See below
	1,912,106	–	(195,674)	1,716,432		

None of the above options were exercisable at 31 March 2021 other than the warrants, which is consistent with 31 March 2020. The weighted average life of the CSOP options was 8.3 years (2020: 9.3 years).

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

The inputs to the model were as follows:

Option plan	CSOP	Warrant
Grant date	31/07/19	28/07/17
Share price at grant date	15.75	80.50
Number of employees	72	1
Shares under option	1,530,097	186,335
Vesting period (years)	3	–
Expected volatility	88.5%	31.4%
Risk-free rate	0.5%	0.5%
Expected life (years)	4	2
Expectations of meeting performance criteria	100%	100%
Expected dividend yield	2.0%	2.0%

The Group recognised a total expense of £89,000 during the year (2020: £31,000) relating to equity-settled share-based payments, including employer's National Insurance contributions of £11,000 (2020: £4,000).

25 SHARE-BASED PAYMENTS continued Company Share Option Plan ("CSOP")

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

Warrants

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

26 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2020 £000	Disposal £000	Cash flow £000	Non-cash changes £000	2021 £000
Cash at bank and in hand	6,897	—	(3,955)	(15)	2,927
Net cash per statement of cash flows	6,897	—	(3,955)	(15)	2,927
Borrowings	—	—	(1,406)	—	(1,406)
Net cash before lease liabilities	6,897	—	(5,361)	(15)	1,521
Lease liabilities	(16,338)	16,409	1,316	(4,352)	(2,965)
Net debt after lease liabilities	(9,441)	16,409	(4,045)	(4,367)	(1,444)

	2019 £000	Impact of IFRS16 introduction £000	Cash flow £000	Non-cash changes £000	2020 £000
Cash at bank and in hand	7,555	—	(632)	(26)	6,897
Net cash per statement of cash flows	7,555	—	(632)	(26)	6,897
Borrowings	(40)	—	40	—	—
Net cash before lease liabilities	7,515	—	(592)	(26)	6,897
Lease liabilities	—	(20,860)	6,739	(2,217)	(16,338)
Net debt after lease liabilities	7,515	(20,860)	6,147	(2,243)	(9,441)

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

27 CASH AND CASH EQUIVALENTS

	2021 £000	2020 £000
Cash at bank and in hand	4,183	6,897
Overdraft	(1,256)	—
Net cash at bank and in hand	2,927	6,879

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

28 FINANCIAL COMMITMENTS**Capital commitments**

The Group has no capital commitments at 31 March 2021 (2020: £Nil) which were not provided for in the financial statements.

29 FINANCIAL RISK MANAGEMENT

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

Risk management framework

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

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

Credit risk

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

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

Trade and other receivables

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

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

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

	2021 £000	2020 £000
United Kingdom	1,030	1,809
Rest of the world	1,235	1,270
	2,265	3,079

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

	Carrying amount 2021 £000	Allowance for expected credit losses %	Allowance for expected credit losses £000
Not overdue	637	—	—
0 to 3 months overdue	1,379	4%	52
3 to 6 months overdue	69	100%	69
Over 6 months overdue	180	100%	180
Closing balance	2,265	13%	301

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

	2021 £000	2020 £000
Opening provision	320	506
Release in the year	(248)	(831)
Provided for in the year	229	645
Closing provision	301	320

29 FINANCIAL RISK MANAGEMENT continued

Liquidity risk

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

Exposure to liquidity risk

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

	Contractual cash flows			
	Total £000	2 months or less £000	2-12 months £000	More than 1 year £000
31 March 2021				
Bank loans	1,406	937	469	—
Bank overdraft	1,256	1,256	—	—
Trade payables	4,025	4,025	—	—
Accruals and other payables	2,615	2,615	—	—
Lease liabilities	3,084	322	1,590	1,172
	12,386	9,155	2,059	1,172
31 March 2020				
Trade payables	6,852	6,852	—	—
Accruals and other payables	3,153	3,153	—	—
Lease liabilities	16,338	1,166	5,222	9,950
	26,343	11,171	5,222	9,950

Interest rate risk

The loans and borrowings are sensitive to changes in interest rates. A 50-basis point change in the base rate would have an impact of £13,000 on the profit for the year ended 31 March 2021 (2020: £3,000 impact on loss for the year). A 50-basis point change in the Group's incremental borrowing rate would have a £64,000 impact on the lease liabilities balance at 31 March 2021 (2020: £210,000).

Market risk

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

The Group is exposed to currency risk to the extent that there is a fluctuation in the foreign exchange rate between the date of the transaction and the date when amounts are paid. The functional currency of the Group is Sterling, but it receives some revenues in Euros and makes some purchases in Chinese Renminbi. As at 31 March 2021, less than 1% (2020: 6%) of the Group's trade receivables balances were denominated in Euros and 2% (2020: 4%) of the Group's trade payable balances were denominated in Chinese Renminbi.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2021

29 FINANCIAL RISK MANAGEMENT continued**Market risk** continued

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

	Trade receivables £000	Trade payables £000	Net exposure £000
31 March 2021			
Euros	8	97	89
Chinese Renminbi	—	92	92
31 March 2020			
Euros	128	321	193
Chinese Renminbi	—	416	416

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

	Average rate 2021	Year-end spot rate 2021	Average rate 2020	Year-end spot rate 2020
Euros	1.12	1.17	1.12	1.13
Chinese Renminbi	8.60	8.60	8.80	8.70

Sensitivity to market risk

If the Euro exchange rate, on average through the year, weakened/strengthened by 10% and all other variables were held constant, the Group's profit for the year ended 31 March 2021 would decrease/increase by £133,000 and £109,000 respectively (2020: £508,000 and £416,000). This has been calculated by applying the amended currency rate to the value of Euro receipts during the year.

If the Chinese Renminbi exchange rate, on average through the year, weakened/strengthened by 10% and all other variables were held constant, the Group's profit for the year ended 31 March 2021 would decrease/increase by £430,000 and £351,000 respectively (2020: £95,000 and £78,000). This has been calculated by applying the amended currency rate to the value of Chinese Renminbi payments during the year.

Capital risk management

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

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

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

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

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

30 RELATED PARTY TRANSACTIONS

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

Related party transactions with connected companies

Two Directors, Tarak Ramzan and his son Sheraz Ramzan, and their relatives control 43.4% of the voting shares of the Company (2020: 43.4%).

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

	Purchased from			
	2021 £000	2020 £000		
Big Blue Concepts Limited	213	168		
Tarak Manufacturing Limited	190	177		
Balance owed to		Balance due from		
	2021 £000	2020 £000	2021 £000	2020 £000
Tarak Manufacturing Limited	8	8	—	2

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

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. The Directors' Remuneration Report on pages 33 to 35 of this Annual Report provides further information regarding the remuneration of individual Directors.

	2021 £000	2020 £000
Short-term employment benefits	574	625
Post-employment benefits	50	50
Employer National Insurance contributions	72	80
Share-based payments	5	3
	701	758

31 CONTINGENCIES

The Group's bank loans, overdrafts and other credit facilities were extended post year end and are scheduled to expire on 30 September 2022.

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

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

COMPANY INFORMATION

DIRECTORS

Peter Alan Cowgill
 Tarak Ramzan
 Sheraz Ramzan
 Gerard Sweeney
 Charlotte Rose O'Sullivan
 Roger Thomas Mather

REGISTERED OFFICE

22 Grenville Street
 St Helier
 Jersey
 Channel Islands
 JE4 8PX

PRINCIPAL PLACE OF BUSINESS

61 Hydepark Street
 Glasgow
 G3 8BW

COMPANY SECRETARY

Gerard Sweeney

ASSISTANT COMPANY SECRETARY

Mourant Secretaries (Jersey) Limited
 22 Grenville Street
 St Helier
 Jersey
 Channel Islands
 JE4 8PX

NOMINATED ADVISER AND BROKER

Panmure Gordon (UK) Limited
 One New Change
 London
 EC4M 9AF

REGISTERED AUDITORS

RSM UK Audit LLP
 14th Floor
 20 Chapel Street
 Liverpool
 L3 9AG

LEGAL COUNSEL RE SCOTTISH AND ENGLISH LAW

Dentons UK and Middle East LLP
 Quartermile One
 15 Lauriston Place
 Edinburgh
 EH3 9EP

LEGAL COUNSEL RE JERSEY LAW

Mourant LP
 22 Grenville Street
 St Helier
 Jersey
 Channel Islands
 JE4 8PX

PRINCIPAL BANKERS

HSBC Bank plc
 Glasgow

REGISTRARS

Capita Registrars (Jersey) Limited
 12 Castle Street
 St Helier
 Jersey
 Channel Islands
 JE2 3RT



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QUIZ

61 Hydepark Street
Glasgow
G3 8BW

www.quizgroup.co.uk

QUIZ PRACTICAL REPORT AND EVALUATION