

# QUIZ

QUIZ PLC

ANNUAL REPORT AND  
FINANCIAL STATEMENTS 2019







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# STAND

# OUT

# FROM

# THE

# CROWD

## **FURTHER EXPANSION**

QUIZ is focused on delivering great products at outstanding value. We continue to strengthen our brand reputation and grow our customer base. This is reflected in the sales growth achieved across our omni-channel model in the UK and internationally.

## **ONLINE GROWTH**

Online sales is our strongest area of growth driven by in-demand products and collections and effective marketing. This has contributed to the generation of increased online traffic and improved conversion rates. We continue to invest in our customer proposition to continue to grow online sales.



# 2019

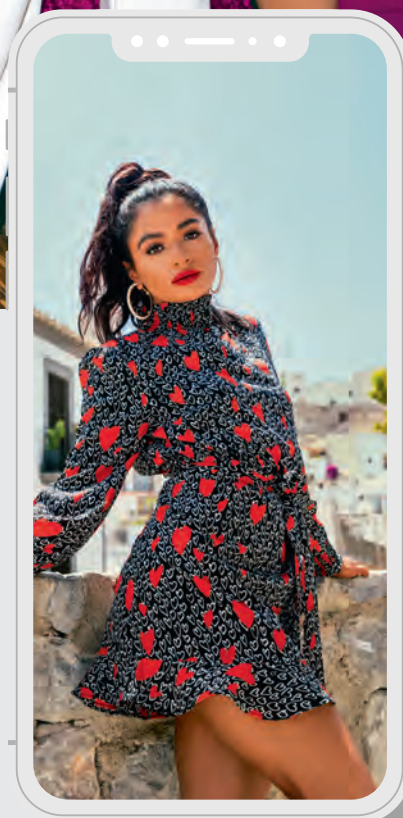
## HIGHLIGHTS

### OPERATIONAL HIGHLIGHTS

- Online sales represented 31.4% of Group revenue (2018: 26.3%)
- Active<sup>1</sup> online customer base increased 56% to 576,000 (2018: 370,000)
- During the year, QUIZ opened three new standalone stores and 25 new concessions, and closed two standalone stores and one concession
- Continued investment in online propositions with launch of QUIZ VIP delivery pass, partnership with Klarna and investment in an Emarsys platform to improve payment options and enhance customer personalisation
- Continued expansion of the range with successful launches of QUIZMAN, Swimwear and Petite ranges
- Gross cost savings of £2-3 million targeted in the medium term

Note: The basis of preparation of the consolidated financial statements for the current and previous year is set out in the Financial Review on page 24.

1. An active customer is a customer registered on our database who has transacted in the last twelve months.
2. Underlying EBITDA and profit before tax exclude: the costs of non-recurring expenses relating to written off bad debt in relation to the House of Fraser administration in the current year; and the costs of Admission to AIM and the Group reorganisation undertaken prior to Admission in the prior year. A reconciliation to reported IFRS results is included in the Financial and Business Review on pages 24 to 27.
3. Underlying EPS: underlying PBT less tax at statutory rate divided by the number of shares on a pro forma basis, i.e. assuming that the number of shares in issue immediately post-IPO were in issue through the entire comparative year.
4. Capital expenditure comprises spend on intangible assets and property, plant and equipment.
5. International sales comprise the results from QUIZ standalone stores and concessions in the Republic of Ireland, standalone stores in Spain and franchises in 20 countries.



# FINANCIAL HIGHLIGHTS

## GROUP REVENUE

**£130.9m** +12%

19	130.9
18	116.4
17	89.8

## EBITDA

**£4.2m** -63%

19	4.2
18	11.5
17	10.3

## PROFIT BEFORE TAX<sup>2</sup>

**£0.2m** -97%

19	0.2
18	8.5
17	8.1

## CAPITAL EXPENDITURE<sup>4</sup>

**£6.1m** -£0.2m

19	6.1
18	6.3
17	3.6

## UNDERLYING EBITDA<sup>2</sup>

**£4.6m** -63%

19	4.6
18	12.5
17	10.3

## UNDERLYING PROFIT BEFORE TAX<sup>2</sup>

**£0.6m** -94%

19	0.6
18	9.6
17	8.1

## UNDERLYING BASIC EPS<sup>3</sup>

**0.33p** -95%

19	0.33
18	6.33
17	5.33

## NET CASH/(BORROWINGS) AT YEAR END

**£7.5m** -18%

19	7.5
18	9.2
17	(2.0)

- Group revenue increased 12% year on year driven by strong growth across all channels:
  - Online revenue increased 34% to £41.0 million (2018: £30.6 million)
  - Underlying International sales<sup>5</sup> increased 8% to £23.0 million (2018: £21.2 million)
  - Revenue from UK Stores and concessions increased 4% to £66.9 million (2018: £64.6 million)
- Underlying EBITDA<sup>2</sup> decreased 63% year on year to £4.6 million (2018: £12.5 million)

# OMNI-CHANNEL FAST FASHION

QUIZ is an omni-channel fast-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

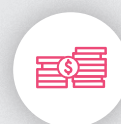
QUIZ operates through an omni-channel, fast-fashion business model, which encompasses online sales, standalone stores, concessions, international franchises and wholesale arrangements.

## 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” fast-fashion supply chain are proven.



### HEALTHY ONLINE GROWTH

Sales growth through QUIZ's online channels remains very healthy reflecting: increased awareness of our brand driven by effective marketing; the strength of our products and collections; increased online traffic; and improved online conversion rates.



### 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

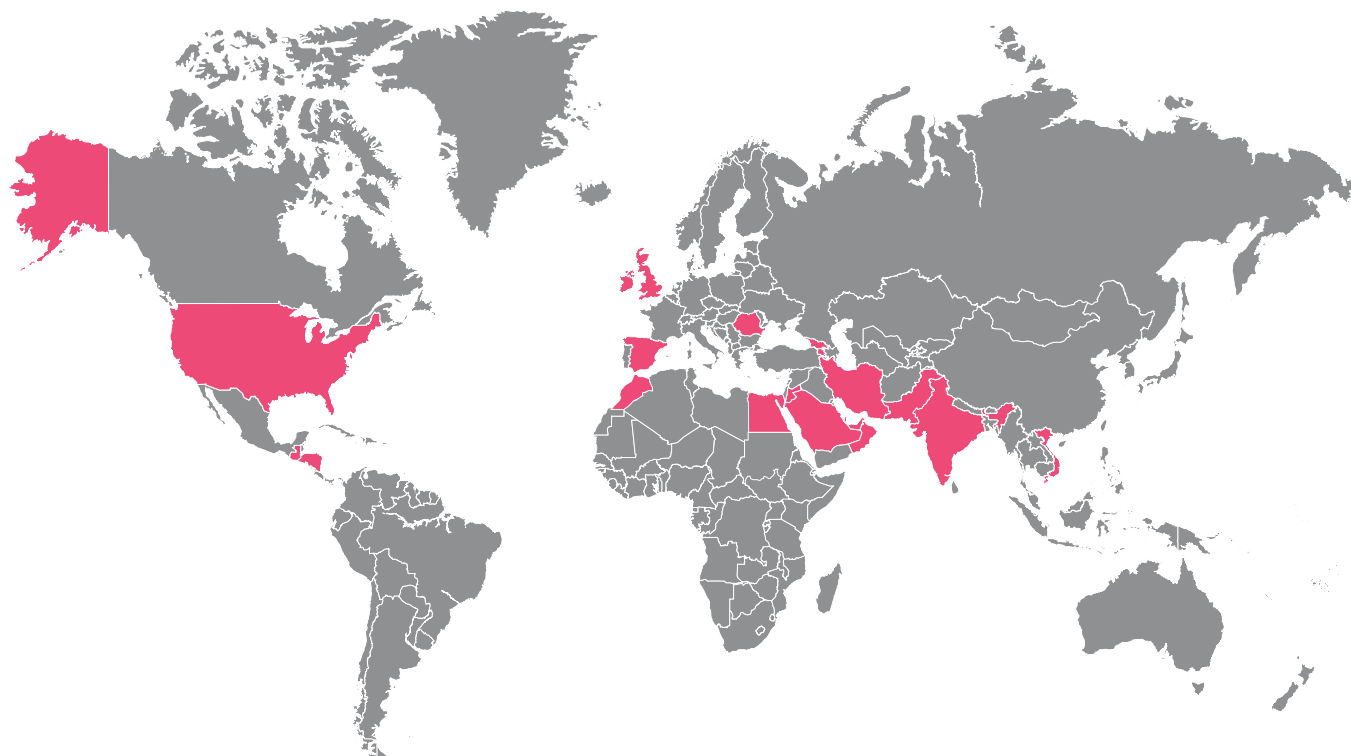


QUIZ's buying and design teams constantly develop their own product lines, ensuring the latest glamorous looks at value prices. This fast, flexible supply chain, together with the winning formula of style, quality, value and speed to market has enabled QUIZ to grow rapidly into an international brand with more than 300 standalone stores, concessions, franchise stores, wholesale partners and international online partners in 22 countries.

- We were founded in 1993 and now employ more than 1,600 people
- We have a very broad customer demographic; our customers are 16 to 35-year-old fashion-forward females
- We are a destination brand for fashion-conscious women looking to dress for some of the most memorable occasions of their lives
- Our fast-fashion supply chain means we can respond quickly to changing styles and trends
- We market the QUIZ brand creatively and have substantially increased our social media following as a result
- We have seen the brand establish itself in different markets with the core QUIZ offering being complemented by country-specific products where appropriate

# OUR EXISTING GLOBAL PRESENCE

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



## UK

- 71 standalone stores
- 168 concessions
- Own website
- 5 online partners

## EUROPE

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

## AMEA<sup>1</sup>

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

## USA

- Wholesale to department stores
- QUIZ country-specific website launched 2018

## FUTURE DEVELOPMENTS

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

17 [Read more](#) →

1. Asia, Middle East and Africa.



CATWALK INSPIRATION

# FAST

## FABRIC SOURCING AND SAMPLING PROCESS

Samples are transported by air to the design and product teams to increase efficiency during the product development phase, to allow the design and product process to be finalised promptly. This process normally takes between one and five days.



## PRODUCT MANUFACTURING

We work with 60 core domestic and international manufacturers to source clothes, shoes and accessories. It can take as little as seven to ten days in the UK and seven to 21 days in the Far East to manufacture the products.

# FASHION

"TEST AND REPEAT" MODEL

STORE FEEDBACK

1

## STYLES AND TRENDS IDENTIFIED AND DEVELOPED

In-house product buying and merchandising teams work closely together to monitor emerging trends and identify and develop new trends inspired by the latest fashion catwalks and changing celebrity styles.

2

# SUPPLY



# CHAIN

3





## SOCIAL MEDIA FEEDBACK AND ENGAGEMENT

# 4

### TRANSPORT PRODUCT TO QUIZ

Transportation can take one to two days from the UK, up to five days from the Far East by air and up to 21 days from the Far East by sea.

# 5

### DISTRIBUTION CENTRE ALLOCATES PRODUCTS TO STORES AND ONLINE

The DC has the capability of being able to distribute items to stores each day and fulfil online orders, with delivery times between one and two days.



# 6

### PRODUCTS AVAILABLE FOR SALE IN STORES AND ONLINE FOR NEXT DAY DELIVERY

New products and styles are made available online and delivered to store every day.



**RIGHT  
PRODUCTS**

**RIGHT  
TIME**

**RIGHT  
PRICE**



# CHAIRMAN'S STATEMENT

## INTRODUCTION

During the year, the UK retail sector continued to be impacted by an accumulation of widely reported macro-economic and structural factors. QUIZ has not been immune to the exceptionally challenging retail environment, which has had an impact on the Group's financial performance for the year.

Despite the trading challenges, QUIZ achieved sales growth across each of the Group's distribution channels: Online, International, and Stores and concessions.

However, as previously reported in March 2019, this sales growth was behind the Board's initial expectations for the year. As a result, there was a requirement to apply increased discounts to clear excess stock, particularly during the second half of the year, resulting in a greater proportion of lower margin sales than previously anticipated. These factors, coupled with the impact of investments made over the past 18 months in our team and infrastructure to support anticipated revenue growth as well as increased costs associated with obtaining and servicing online customers, resulted in a disappointing decline in full year profits.

## FINANCIAL RESULTS AND DIVIDEND

Group revenue of £130.9 million was 12% higher than the previous year's £116.4 million. However, a decline in the gross margin generated in combination with increased operating costs resulted in underlying Group profit before tax of £0.6 million (2018: £9.6 million). Profit before tax reflecting non-recurring costs was £0.2 million (2018: £8.5 million).

The Group retains a solid balance sheet with cash less borrowings at the year end amounting to £7.5 million (2018: net cash of £9.2 million). Net cash flow before dividend payments of £1.5 million and repayment of borrowings of £0.3 million are essentially neutral.

Given the decline in profits in the current year and further to the business review undertaken in recent months, the Board considers that it is appropriate to suspend dividend payments in order to restore profitability and support the growth of the business. As a result, the Board does not recommend the payment of a final dividend.

## BUSINESS REVIEW

The retail environment in the UK is continuing to experience an unprecedented pace of change with a combination of consumers continuing to spend more online and lower high street footfall creating structural challenges for retailers across the UK high street. At the same time, the UK consumer has faced – and continues to face – extreme levels of macro-economic and political uncertainty which is impacting on consumer confidence.

As announced during March 2019, in light of the challenges faced by the Group and the lower than previously anticipated profit outcome for the year, the Board embarked upon a review of all aspects of the business to ensure that QUIZ remains well positioned to achieve its potential.



**PETER COWGILL**

**NON-EXECUTIVE CHAIRMAN**

As a Board and senior management team we have reflected honestly on what has and has not worked well for the business over the past twelve months; what changes we need to make to ensure that we return to profitable growth; and how to best position the Group for long-term success.

In the longer term the rapidly changing retail environment requires the business to be flexible and to maximise sales where profitable growth can be achieved. Our omni-channel distribution model provides the necessary flexibility; however, moving forward, this will have an even sharper focus on capturing the significant online opportunities available to QUIZ. This will be complemented by the active management of stores, which have an average lease length of 26 months, and concessions, which can be exited at short notice.

The Board has agreed that, whilst the business, brand and strategy remain fundamentally robust, some changes need to be made to the way we operate.

In terms of restoring profitability actions have been identified to eliminate, where practical, loss-making activities and to target cost reductions across the business. Short-term measures identified include:

- the termination of some third-party online contracts which, whilst contributing to sales growth, negatively impacted the profitability of the business;
- a reduction in our exposure to UK department stores;
- active management of the store estate as leases come up for renewal;
- realigning the product offering to our core customer demographic; and
- a greater focus on cost control with targeted cost savings having been implemented or identified.

The Board continues to believe that the Group's growth strategy remains valid and relevant and our aim remains to continue to develop sales and expand the QUIZ brand across the Group's omni-channel distribution model.





With these changes, as well as a meticulous and unwavering focus on operational execution, we are confident that profitable growth will be restored.

#### **OUTLOOK AND CURRENT TRADING**

We firmly believe that the QUIZ brand continues to have strong customer appeal and that the Group's omni-channel business model remains relevant and key to our long-term success. As a business, we are highly responsive to new trends and our proven, fast supply chain remains a major asset to ensure that QUIZ can succeed in a competitive market and deliver sustainable growth.

The foremost priority for the Group is to restore profitability. Going forward, a major focus will be on stabilising the UK's trading performance in what will remain – during the foreseeable future at least – a difficult and dynamic retail environment.

As has been widely reported, the trading conditions on the UK high street have remained challenging since we issued our trading update in March. In the two months to 31 May, sales were consistent year on year. Excluding sales from trading relationships that have terminated in the year sales increased by 4%. Encouragingly, we have continued to see online sales growing on our QUIZ websites, albeit at more modest levels than experienced in the previous year. In this period, the growth through our Online and International businesses was offset by a weaker performance through our UK Stores and concessions, where we continue to see suppressed consumer spending.

The QUIZ brand has strong appeal, we have a clear customer focus and our collections remain highly relevant for shoppers today. This is evidenced by our increasing active customer numbers and social media engagement. Underpinned by these attributes, as well as the flexibility of our model and the passion and dedication of our teams, we remain confident that QUIZ can mitigate and manage the near-term challenges and achieve its long-term potential as a leading international fashion brand.

**PETER COWGILL** NON-EXECUTIVE CHAIRMAN  
30 July 2019



We firmly believe that the QUIZ brand continues to have strong customer appeal and that the Group's omni-channel business model remains relevant and key to our long-term success



# OUR CUSTOMERS



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

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

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

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



As seen on Instagram,  
consumers wearing QUIZ



We are highly responsive to what customers want, and our flexible omni-channel business model enables us to quickly respond to new trends





# CHIEF EXECUTIVE'S STRATEGIC REPORT

## INTRODUCTION

Despite the challenges faced by the Group during the year, QUIZ's focus has remained as strong as ever on delivering great products at outstanding value, thereby strengthening our brand's positive reputation amongst a growing customer base. As a result, we have continued to achieve sales growth across our omni-channel model both in the UK and internationally.

24 [Read more in our Financial and Business Review](#) →

Despite this, as described in the Chairman's Statement, the Group's profit outcome for the year has fallen below our expectations. As a result, since March, the Board and senior management team have carefully reflected on our business, strategy and prospects to ensure that we are able to navigate what remains a volatile and dynamic UK trading environment and restore profitable growth. We have examined and analysed in detail QUIZ's strengths and unique attributes, the challenges we face, and the areas where we need to adapt and improve to ensure the brand continues to succeed and grow profitably.

## ADDRESSING FOUR PRESSING CHALLENGES

The business review process identified four pressing challenges for the Group to manage and overcome:

### A decline in footfall and spend in our UK Store and concession estate

Volatile spending and suppressed consumer confidence in combination with a rapidly growing proportion of overall retail spend online have contributed to several high-profile casualties on the UK high street, including some of QUIZ's trading partners. The performance of QUIZ's store estate has also been impacted by lower customer footfall.

Whilst the QUIZ Board continues to believe that Stores and concessions will play an important role in the Group's strategy moving forward, we have taken the strategic decision to reduce exposure to UK department stores. At 31 March 2019, the brand operated 168 concessions across the UK. We anticipate this reducing by approximately



TARAK RAMZAN

CHIEF EXECUTIVE

20 in the year ahead. A number of these closures have been executed and they will continue during the year. Further to a decline in sales in the current year the concessions which we have identified for closure are generating little return or operating at a loss and can be exited on providing the appropriate notice.

At the same time, the Group intends to actively manage its portfolio of 73 stores as leases come up for renewal. The average lease length across our estate is currently 26 months, with 33 stores' leases due to expire over the next 24 months. We are focused on ensuring returns can be generated from each store and if rental costs are at a level where this is at risk we will exit stores as their leases expire.

In addition, with increasing online activity and omni-channel investment we can further utilise our store network for online collections, returns and improving stock availability across the estate. The Group also intends to undertake initiatives to promote footfall into stores including trialling the introduction of new product categories in store.



### **The decline in gross margin**

As a result of lower than anticipated sales during the year, the business undertook additional promotional activity in order to clear stock, resulting in lower gross margins.

Improvements in this area will come through a combination of improved sourcing, targeted price increases and managing stock allocations and purchases to reduce the amount of stock subject to markdowns.

### **Right-sizing our cost base**

Since the Group's IPO in July 2017, we have invested meaningfully in our infrastructure and team to support our anticipated growth. Our revenue has not grown sufficiently to compensate for these increased costs and operating costs as a proportion of revenue have increased by 5.5% from 54.7% to 60.2% in the last twelve months. This level of costs is too high and inhibits our return to profitability. We have systematically reviewed costs and have targeted reductions across the business.

### **Optimising the omni-channel model**

Whilst our Online revenues have grown in the last year the costs required to serve this customer base have come under pressure. As the online market has increased the costs associated with customer acquisition have risen. In addition, the return rates from customers have gradually increased over time creating additional handling and delivery costs that need to be recovered.

In addressing the cost of customer acquisition, we are introducing a number of actions to maximise the value of our existing customer business. These include the introduction of the QVIP delivery pass to improve order frequency, the introduction of a buy now pay later option to increase the average transaction value and an increased focus on targeting and re-engaging previous customers.

After testing different media formats last year, we are now refining marketing activities to concentrate on those with the highest return on investment.

We have identified various cost saving opportunities which will reduce distribution costs as a proportion of online sales in the year ahead.



Further to the initiatives regarding the right-sizing of our cost base and the optimisation of the omni-channel model the Board has targeted gross cost savings of between £2-3 million in the medium term.

### **LEVERAGING OUR KEY STRENGTHS**

The business review process provided an important opportunity to reflect on the Group's unique attributes that have made QUIZ the strong, international brand it is today. These strengths underpin the Board's strong confidence in QUIZ's ability to compete and succeed in the dynamic retail environment.

#### **We have a strong and growing 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. Online active customers increased by 56% in the year to 576,000, reflecting the appeal and growing awareness of the brand. The brand's social media engagement continues to increase significantly from the prior year with 44% and 18% increases in our Instagram and Facebook audiences respectively.

The strengths of our brand continue to enable QUIZ to expand into new product categories. At the end of the financial year, we launched our first ever Swimwear range, which has been received well by customers. In addition, subsequent to the end of the financial year we have launched our Petite range, which has received a positive initial reaction.

# PETITE

We launched our first ever petite range, QUIZ Petite, in May 2019. The new range features a 60-piece collection, spanning occasion wear, holiday wear and casual wear, and is available to shop online and in store.

We recognised a growing appetite for a petite range and launched QUIZ Petite to cater for fashion-forward females. QUIZ Petite is designed for our petite QUIZ Queens who are after the latest styles and trends. The new range is carefully tailored by our in-house design team to ensure our customers can shop from collections that fit and flatter their frames.

We are pleased with the initial reaction and excited to add more casual staples and catwalk inspired and glamorous pieces to this growing range.

→ View more online  
[quizclothing.co.uk](https://quizclothing.co.uk)



**LEVERAGING OUR KEY STRENGTHS** continued  
**Our fast and flexible supply chain remains a key competitive advantage**

The business has a well invested infrastructure and a proven successful supply chain. In an environment where customers seek to quickly replicate the latest looks seen on social media, the catwalk or television, our supply chain's ability to offer products for sale in store and online in as little as two to three weeks from the point of order is a key strength for QUIZ.

QUIZ continues to introduce new products each week as trends emerge throughout the season. We have the ability to rapidly react to customer demand as trends emerge in season in order to give the customer more of what they want. The Board believes this will be an increasingly important ingredient for success as customers have ever greater choice of where, when and how to shop.

**QUIZ's online sales continue to experience very healthy growth**

Sales growth through QUIZ's online channels remains very healthy reflecting: increased awareness of our brand driven by effective marketing; the strength of our products and collections; increased online traffic; and improved online conversion rates. The continued good growth in online sales – in particular through QUIZ's own websites – remains central to the Board's confidence in the Group's long-term growth prospects.

In 2019, online sales increased by 34% year on year and now represent 31% of QUIZ's Group revenue (2018: 26%). This was supported by very strong sales growth of 58% through QUIZ's own online channels.

**The brand continues to have significant international potential**

We continue to see a positive reaction to the QUIZ brand across international markets. Our mix of casual and occasion wear can be tailored for each market and our flexible approach as to our route to market has been beneficial.

Whilst each of these markets has its own challenges, we have grown revenue by 8% in the last year and these sales represent 18% of QUIZ's Group revenue (2018: 18%). We continue to identify opportunities to extend our sales through low-risk, low-cost international expansion.

**We continue to be recognised as an industry leader**

We were delighted to be named International Fashion Retailer of the Year at the Drapers Awards 2018. The judges awarded QUIZ the accolade due to its successful international financial performance, robust omni-channel business model, clear international growth strategy and understanding of its markets, coupled with a strong product offer that clearly resonates with our customers. During the year, we were also shortlisted for Fashion Retailer of the Year at the Evening Express Retailer Awards 2018, International Growth Retailer of the Year at the Retail Week Awards 2019 and Fashion Retail Business of the Year (£101 million to £500 million turnover) and Best Use of Influencer Campaign at the Drapers Awards 2018.



**We continue to introduce new products each week as trends emerge throughout the season**



## STRATEGY TO DELIVER LONG-TERM PROFITABLE GROWTH

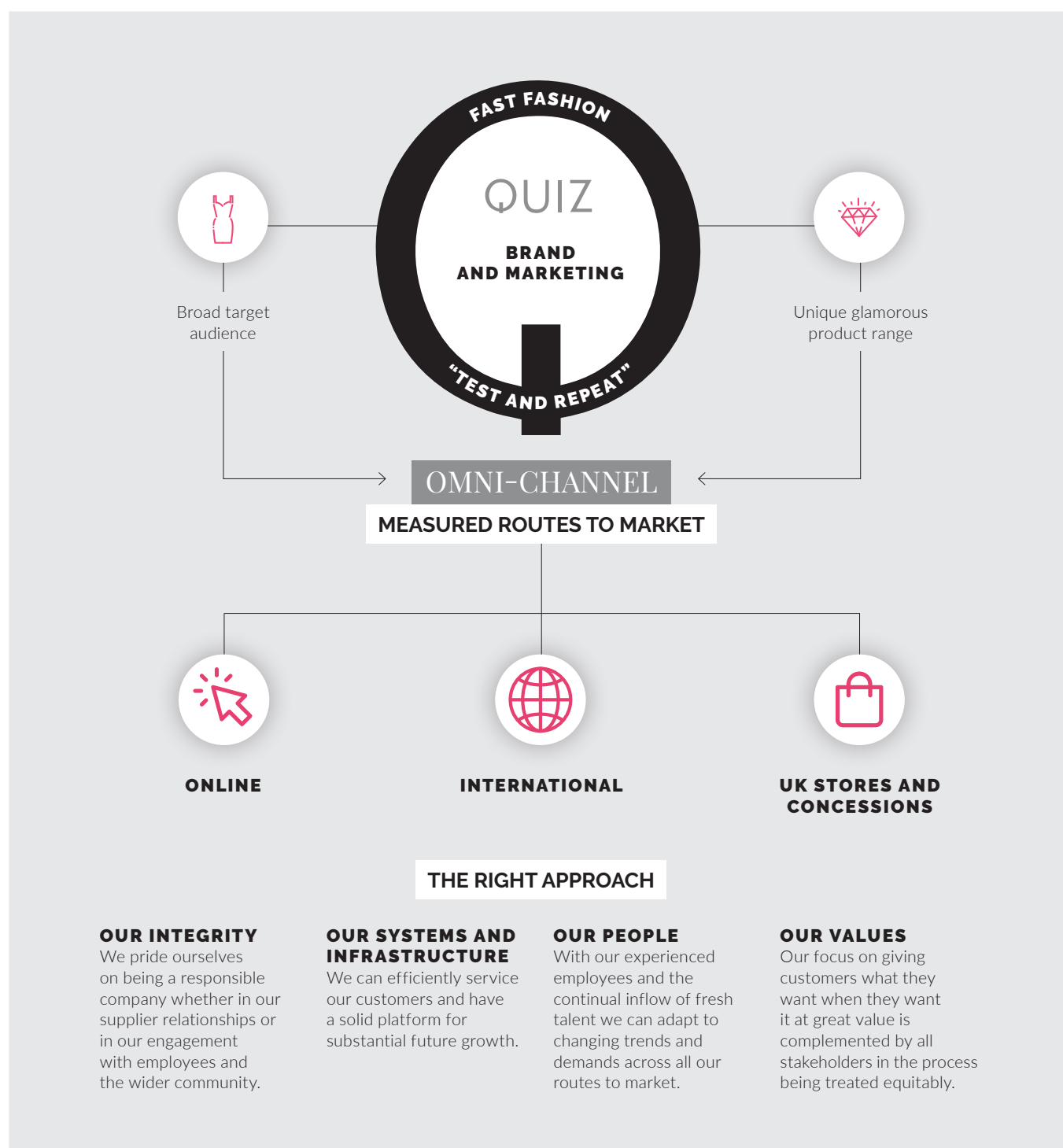
### Business model

QUIZ distributes its brand through three main channels: Stores and concessions; Online; and International (which includes wholesale and franchise agreements). We operate stores and concessions across the UK, Europe, North America and Asia, and localised ecommerce sites in the UK, Spain and the USA. We also have an ecommerce business with some of our concession partners.

QUIZ's buying, design and merchandising teams work closely together and routinely monitor emerging trends each season. Together, they constantly develop QUIZ's

own product lines ensuring that the Company delivers the latest glamorous looks at value-for-money prices. As a result of this reactive model and the Company's flexible and fast supply chain, QUIZ is able to adapt quickly to new trends and, on average, can have its products in its stores and concessions and online within four weeks from the point of order. Focusing on very short lead times, QUIZ's "test and repeat" supply chain is able to introduce new products within weeks of identifying trends and promptly reorder successful lines to meet customer demands.

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



## CONTINUED ONLINE EXPANSION



Accelerating growth in our online channel is the priority for the Group. The Group's areas of focus to achieve further online growth include: launching further websites in targeted international markets; and expanding the brand's online presence through carefully selected third parties. In addition, the Group intends to continue to extend the product offering online to drive sales growth, with recent successful examples including the introduction of a Petite collection and Swimwear range as well as numerous celebrity collaborations throughout the year.

Sales through selected third-party websites remain an important pillar for generating revenues and expanding the awareness of the QUIZ brand. During the year, we terminated arrangements with two of our third-party website partners which, whilst contributing to sales growth, were negatively impacting the business and our resources. During the year, the Group introduced two new third-party online partners in the United Kingdom which are sourcing products from the Group on a wholesale basis.

During the year, we invested in a new CRM system which uses artificial intelligence to drive better personalisation, content and incentives to each customer which in turn maximises conversions and margins.

Post-year end, we have launched our new exclusive delivery pass, QVIP, which offers customers unlimited free delivery and the option to collect online orders in store for a small annual fee. We believe that this is an important step in our journey to help better serve our customers and increase customer engagement.

We have also launched a trial for the use of Klarna, a "buy now, pay later" payment platform technology to make it even easier for our customers to pay for goods.

### ONLINE SALES AS A % OF TURNOVER

**31.4%** +5.1%

19	31.4
18	26.3
17	13.2

#### Definition

How we are diversifying our revenues through growth in online sales.

#### Performance

Online sales, which comprise sales through QUIZ websites as well as third-party sites, increased by 34%. With growth in revenues of 58% the QUIZ websites are driving the expansion of the QUIZ brand.

### ACTIVE CUSTOMERS

**576,000** +56%

19	576,000
18	370,000
17	198,000

#### Definition

How we are growing the reach of the QUIZ brand.

#### Performance

The broadening of the available range of products and increased marketing spend drove the increase in active customers. This uplift is reflected in the increased revenues generated from the QUIZ website.

We invested in a new CRM system to drive better personalisation, content and incentives to each customer



**31%**

ONLINE REVENUE

## INTERNATIONAL EXPANSION



The Board believes that international expansion continues to offer a significant opportunity for the QUIZ brand

### INTERNATIONAL OUTLETS SERVICED

**125** +47%

19	125
18	78
17	66

### Definition

How we are extending the international footprint of the QUIZ brand.

### Performance

The increased points of sale in the year, the majority of which were in the USA, indicates the appeal of the QUIZ brand in different markets.

We continue to review opportunities for further international growth by expanding in existing markets as well as extending into new territories. QUIZ's international footprint currently extends across 125 locations in 22 countries on four continents. The Board believes that international expansion continues to offer a significant opportunity for the QUIZ brand with our omni-channel model allowing a flexible approach to market entry dependent on the dynamics of that market.

Awareness of QUIZ internationally continued to strengthen during FY 2019. This resulted in an 8% increase in International revenue to £23.0 million (2018: £21.2 million), which represented 18% of Group revenue (2018: 18%).

Our stores and concessions in Ireland and Spain performed in line with expectations during the year with revenues increasing by £0.9 million. Our performance in Spain has steadily strengthened during the year and we will continue to assess QUIZ's growth opportunities in the Spanish market as we move forward. Sales in the USA increased during the year and contributed to the £0.9 million uplift in franchise sales. We continue to review the potential for QUIZ in the North American market.

**18%**

INTERNATIONAL REVENUE





## UK STORE AND CONCESSION GROWTH



During the year the Group opened three new standalone stores and 25 new concessions, and average total retail square footage increased by 9% to 210,000 sq. ft.

Whilst acknowledging the challenging and dynamic retail environment in the UK, we continue to believe UK Stores and concessions will continue to make a profitable contribution for QUIZ going forward. Sales from UK Stores and concessions were up 4% during the year, demonstrating the quality of our store estate, the strength of our product range and growing awareness and appeal of the QUIZ brand.

During the year the Group opened three new standalone stores and 25 new concessions. As part of the Group's active management of its retail portfolio, we closed two standalone stores and one concession. Average total retail square footage increased by 9% to 210,000 sq. ft. during the year (2018: 193,000 sq. ft.).

# 51%

STORES AND CONCESSIONS REVENUE

Further to opening new stores in Romford and Arndale subsequent to the year end, QUIZ currently operates 73 stores in the UK and the Board believes that there is the potential for further stores in high footfall locations. The Group will continue to prioritise the opening of stores to accommodate a broader product range with every new store being carefully evaluated against strict return on investment criteria.

At the end of the financial year, QUIZ operated 168 concessions in the UK. As outlined earlier in this Strategic Review, the Board has taken the strategic decision to reduce exposure to UK department stores reflecting the trading challenges faced by some of our trading partners. We anticipate this reducing QUIZ's concession presence by approximately 20 concessions during the current year.

Post-period end, Debenhams, one of QUIZ's concession partners, named 22 of the 50 stores it has earmarked for closure. QUIZ is present in ten of the affected stores. The annual turnover from these concessions is less than £2 million per annum. We note that these stores are likely to be open for most, if not all, of the year ended 31 March 2020.



### UK RETAIL SPACE – SQUARE FOOTAGE

**210,000**  
sq. ft. +9%

19	210,000
18	193,000
17	185,000

### Definition

How we are developing the UK retail estate.

### Performance

We continue to apply our standard return on investment criteria for new stores of a two-year payback and concessions of a one-year payback.



Looking ahead we will be unwavering in our focus to ensure all campaigns provide return on investment and that we are continually refreshing our offering and brand relevance





## MARKETING INVESTMENT

Underpinning the growth and expansion of the QUIZ brand is the Group's approach to targeted and returns-driven marketing investment. During the year, total marketing investment increased by 83% to £4.6 million (2018: £2.5 million) supporting growth in brand awareness. This increase in investment was focused on digital and social media marketing to generate new customers for all sales channels, as well as increasing shopping frequencies and basket sizes. Marketing investment as a proportion of Group sales remained relatively modest at 3.6%.

During the year, QUIZ launched numerous targeted marketing campaigns. We partnered twice with The Only Way Is Essex ("TOWIE") to create our first ever male and female capsule collections in collaboration with TOWIE's very own Chloe Lewis, Lauren Pope and Dan Edgar. The partnership saw a number of the cast wearing QUIZ fashion pieces in scenes for broadcast along with outfits promoted across the cast's and show's social channels. In the summer, we launched a special honeymoon capsule collection with Love Island's soon-to-be newlyweds Olivia Buckland and Alex Bowen.

These campaigns blend offline and online advertising targeted towards our key customer demographics. Looking ahead we will be unwavering in our focus to ensure all campaigns provide return on investment and that we are continually refreshing our offering and brand relevance.

Post-year end, we launched our first collaboration with TV star Samantha Faiers, which has yielded a positive initial reaction. The 37-piece seasonal collection channels Samantha's glamorous style with a selection of on-trend outfits that are fitting for any summer occasion.











QUIZ's focus has remained firmly on delivering great products at outstanding value, which has continued to strengthen our brand's positive reputation amongst a growing customer base

## OMNI-CHANNEL DEVELOPMENTS

Whilst our Stores and concessions generate the highest revenue of our sales channels our QUIZ website has been the fastest growing revenue channel in the last year.

Consumers will continue to shop where is most convenient for them and expect the same user experience, products and service regardless of which sales channel they engage with.

To achieve this, we will progressively move to merge our sales channels to gain a single view of all customer activity.

In the last year we have introduced a new CRM system which allows us to better understand our online customers and their preferences. This combined with the use of e-receipts in store will allow us to build an understanding of our customers and how they shop across our different sales channels. This information will progressively allow for targeted communications to frequent customers and help us to re-engage with customers who have not shopped for a period of time.

We have recently introduced our QVIP delivery pass which provides unlimited next day deliveries for a year for an annual subscription and a buy now pay later option for customers. These initiatives target an increased number of purchases during the year along with an increased transaction value.

Future initiatives include providing customers the opportunity to return online purchases to store and dispatching products from store to fulfil online sales.

We will continue to develop our offering to ensure customers have the same positive experience of shopping with QUIZ regardless of the sales channel.

## OUR TEAM

I would like to take this opportunity to thank each of my colleagues, who have worked extremely hard during what has been a challenging year. They have retained an unwavering focus on customers despite the difficult trading environment and I am very thankful for their outstanding dedication, skill and passion.

**TARAK RAMZAN** CHIEF EXECUTIVE

30 July 2019

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# 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, adjusting for the £0.4 million bad debt provision arising from the House of Fraser administration and the £1.0 million cost of Admission to AIM and the Group reorganisation prior to Admission (“non-underlying costs”). A reconciliation between underlying and reported results is provided at the end of this Financial Review.

## **GROUP OVERVIEW**

Group revenue of £130.9 million was 12% higher than the previous year’s £116.4 million.

Further to a decline in the gross margin generated and increased operating costs, underlying operating profits were restricted to £0.6 million (2018: £9.6 million). Including the non-recurring costs, operating profits were £0.2 million (2018: £8.6 million).

## **FINANCIAL KPIS**

Underlying EBITDA generated declined by 63% to £4.6 million (2018: £12.5 million) which represented an EBITDA margin of 3.5% (2018: 10.7%). Including the non-recurring costs, EBITDA was £4.2 million (2018: £11.5 million).

Underlying Group profit before tax (“PBT”) was £0.6 million (2018: £9.6 million). Profit before tax reflecting non-recurring costs was £0.2 million (2018: £8.5 million).

Further to this, the underlying earnings per share declined 95% to 0.33 pence (2018: 6.33 pence). Earnings per share reflecting non-underlying costs was 0.09 pence (2018: 5.49 pence).

Cash less borrowings at the year end amounted to £7.5 million (2018: net cash of £9.2 million). The most significant cash flows in the year related to the £6.8 million of operating cash flow generated in the year and £6.1 million of capital expenditure incurred during the year.



## **ONLINE REVENUE**

**£41.0m** +34%

## **INTERNATIONAL REVENUE**

**£23.0m** +8%

## **UK STORES AND CONCESSIONS REVENUE**

**£66.9m** +4%



The 34% growth in Online revenues to £41.0 million was primarily driven by strong growth on the QUIZ websites

#### REVENUE

**£130.9m** +12.4%

19	130.9
18	116.4
17	85.4

##### Definition

Online, UK Stores and concessions and International revenue.

##### Performance

Revenue growth was achieved in each area with the strongest growth achieved in online sales.

#### GROSS MARGIN

**60.7%** -2.3%

19	60.7
18	63.0
17	62.7

##### Definition

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

##### Performance

Gross margin % declined further to a slow down in demand in the second half of the year which resulted in an increased level of discounting being applied.

#### ADJUSTED EBITDA %<sup>1</sup>

**3.5%** -7.2%

19	3.5
18	10.7
17	11.4

##### Definition

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

##### Performance

Increased operating costs were not supported by sufficient growth in revenues which, along with the lower gross margin, impacted EBITDA generated.

#### CASH FROM OPERATING ACTIVITIES<sup>2</sup>

**£7.2m** -20.9%

19	7.2
18	9.1
17	3.2

##### Definition

The conversion of profits into cash available to the business.

##### Performance

Cash from operating activities was broadly maintained with an improved working capital position mitigating the drop in profits generated.

1. Excludes the £0.4 million bad debt provision arising from the House of Fraser administration in the current year and the £1.0 million cost of Admission to AIM and the Group reorganisation prior to Admission.
2. Excludes the items referred to in Note 1 and the prior year excludes the settlement of £1.3 million owed from related parties subsequent to the IPO.

## REVENUE

Group revenue increased by 12% to £130.9 million from £116.4 million in 2018, with growth being recorded across all three of our revenue channels, as shown below:

	Year to 31 March 2019	Year to 31 March 2018	Year-on-year growth	Share of revenue 2019	Share of revenue 2018
Online	£41.0m	£30.6m	+34%	31.4%	26.3%
International	£23.0m	£21.2m	+8%	17.5%	18.2%
UK Stores and concessions	£66.9m	£64.6m	+4%	51.1%	55.5%
<b>Total</b>	<b>£130.9m</b>	<b>£116.4m</b>	<b>+12%</b>		

### Online

The 34% growth in Online revenues to £41.0 million was primarily driven by strong growth on the QUIZ websites, which recorded a revenue increase of 58% in the year. This growth reflects a 56% uplift in the number of active customers at 31 March 2019 to 576,000 (2018: 370,000). Our increased marketing activity in the year helped drive website traffic up 43% year on year, primarily driven by mobile.

Growth recorded through third-party websites was lower than sales achieved through our own websites which is partially reflective of our decision to exit two of the five third-party websites we previously engaged with.

### International

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

We have continued to see a positive response to the QUIZ brand across different markets with revenues increasing 8% to £23.0 million (2018: £21.2 million). Of the £1.8 million uplift in sales, £0.9 million was generated from our international franchise partners and the balance reflects increased revenues from our stores and concessions in Ireland and Spain.

### UK Stores and concessions

Sales in the Group's UK standalone Stores and concessions increased 4% to £66.9 million (2018: £64.6 million).

During the year three new stores were opened and two stores were closed. In addition, 25 new concessions were opened with one being closed. The majority of the concessions opened were in Outfit stores and typically generate lower revenues than our average concession and are not staffed by QUIZ employees. Further to these changes, total selling space across the stores and concessions increased by 9% from 193,000 sq. ft. to 210,000 sq. ft. over the year.

Sales growth in UK Stores and concessions was driven by the additional sales space introduced in the current and prior year which compensated for the like-for-like performance.

## GROSS MARGIN

Gross margin at 60.7% was 2.3% lower than the prior year. Whilst the decline was partially attributable to the change in the revenue mix experienced during the year it was primarily driven by the increased level of discounting undertaken during the year.

We remain focused on efficient sourcing and product selection to minimise the need for discounted prices to improve the gross margin recorded.

## UNDERLYING OPERATING COSTS

Underlying operating costs increased by 24% in 2019 from £63.7 million to £78.8 million. These costs represented 60.2% of revenue (2018: 54.7%).

Underlying administrative costs increased by 29% to £54.8 million (2018: £42.4 million).

Total employment costs, including agency costs, have risen by £4.2 million or 22% to £24.3 million (2018: £19.9 million) which reflects the increased resource to service the additional revenue as well as the continued investment in our central functions to support future growth.

The increase in administrative costs also reflects the increase in marketing spend in the year to £4.6 million (2018: £2.5 million). This spend was focused on digital and social media marketing to generate new customers for all sales channels, as well as increasing shopping frequencies and basket sizes. This is complemented by offline advertising activity such as Tube and bus campaigns.

Distribution costs increased 13% to £24.1 million (2018: £21.4 million). This increase reflects (i) the cost of carriage to stores, concessions and franchises as well as online customers and (ii) commission paid to third parties which sell products on behalf of QUIZ. The uplift in these costs primarily reflects higher carriage costs being incurred to service the additional Online revenues.

Depreciation and amortisation increased by 39% from £2.9 million to £4.0 million. This reflects the continued investment in the business including spend in our distribution centre in the current and previous year, continued spend on IT and software and the continued rollout of new stores. In addition, the charge reflects the write-down of assets in concessions which have been identified for closure in the current year.

## NON-RECURRING OPERATING COSTS

Non-recurring operating expenses totalled £0.4 million (2018: £1.2 million). In the current year, the cost relates to the bad debt provision arising from the administration of House of Fraser. The prior year £1.0 million cost related to that year's IPO transaction and the Group restructuring undertaken prior to it.

## FINANCE COSTS

There are limited finance costs incurred by the Group. Interest costs are largely limited to the costs relating to the remaining term loans which were drawn down prior to the IPO to fund capital projects.



## TAXATION

The reported tax rate in the current year is 48.1% (2018: 20.2%). Given the small level of profitability recorded the limited amount of expenses which are disallowable for tax purposes has a larger impact on the effective rate recorded.

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

## EARNINGS PER SHARE

Basic earnings per share for 2019 was 0.09 pence per share (2018: 5.49 pence).

The underlying basic earnings per share for 2019, which is calculated using the underlying profit before tax less tax at the effective statutory rate, was 0.33 pence (2018: 6.33 pence).

## DIVIDENDS

During the financial year a dividend of 0.8 pence per share was paid in September 2018 and 0.4 pence per share was paid in March 2019.

Given the decline in profits in the current year and further to the business review undertaken in recent months the Board considers that it is appropriate to suspend dividend payments to preserve cash whilst it restores its profitability and to support the growth of the business. As a result, the Board does not recommend the payment of a final dividend.

## CASH FLOW AND CASH POSITION

Net cash at the year end amounted to £7.5 million (2018: net cash of £9.2 million).

Net cash flow from operating activities was £6.8 million (2018: £9.4 million), a reduction of £2.6 million.

Whilst EBITDA generated in the year declined by £7.9 million, working capital movements improved by £4.4 million relative to the previous year.

Receivables increased by £2.8 million in the year. However, this was offset by a £0.3 million reduction to inventory and a £5.0 million increase in trade and other payables.

We have continued to invest in the business with £1.2 million spent on intangible assets and £5.0 million on property, plant and equipment. The increase in intangible assets reflects additions to computer software as we invest in our IT systems and websites. The spend on property, plant and equipment includes £2.4 million on new stores in the UK and £1.1 million on extending our distribution facility. Investment in computer equipment of £0.5 million was consistent with the prior year.

There were £0.3 million of borrowings repaid in 2019 (2018: £1.2 million). This reflects the repayment of term loans previously drawn down to fund capital expenditure.

The continued strong cash position provides a solid base to support our plans for future growth and to improve the performance of the business.

## RECONCILIATION OF UNDERLYING AND REPORTED IFRS RESULTS

In establishing the underlying operating profit, the costs were adjusted to exclude the £0.4 million bad debt provision arising from the administration of House of Fraser and, in the prior year, a £1.0 million cost related to that year's IPO transaction and the Group restructuring undertaken prior to it.

A reconciliation between underlying and reported results is provided below:

	Notes	2019			2018		
		Underlying £000	Bad debt £000	Reported £000	Underlying £000	IPO costs £000	Reported £000
Revenue		130,898	—	130,898	116,430	—	116,430
Gross profit		79,400	—	79,400	73,329	—	73,329
Other operating costs	4	(78,820)	(369)	(79,189)	(63,720)	(1,037)	(64,757)
Operating profit	6	580	(369)	211	9,609	(1,037)	8,572
Finance costs (net)		5	—	5	(23)	—	(23)
Profit before tax		585	(369)	216	9,586	(1,037)	8,549
Operating profit		580	(369)	211	9,609	(1,037)	8,572
Depreciation and amortisation	11,12	4,012	—	4,012	2,891	—	2,891
EBITDA		4,592	(369)	4,223	12,500	(1,037)	11,463

GERARD SWEENEY CHIEF FINANCIAL OFFICER

30 July 2019

# 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.

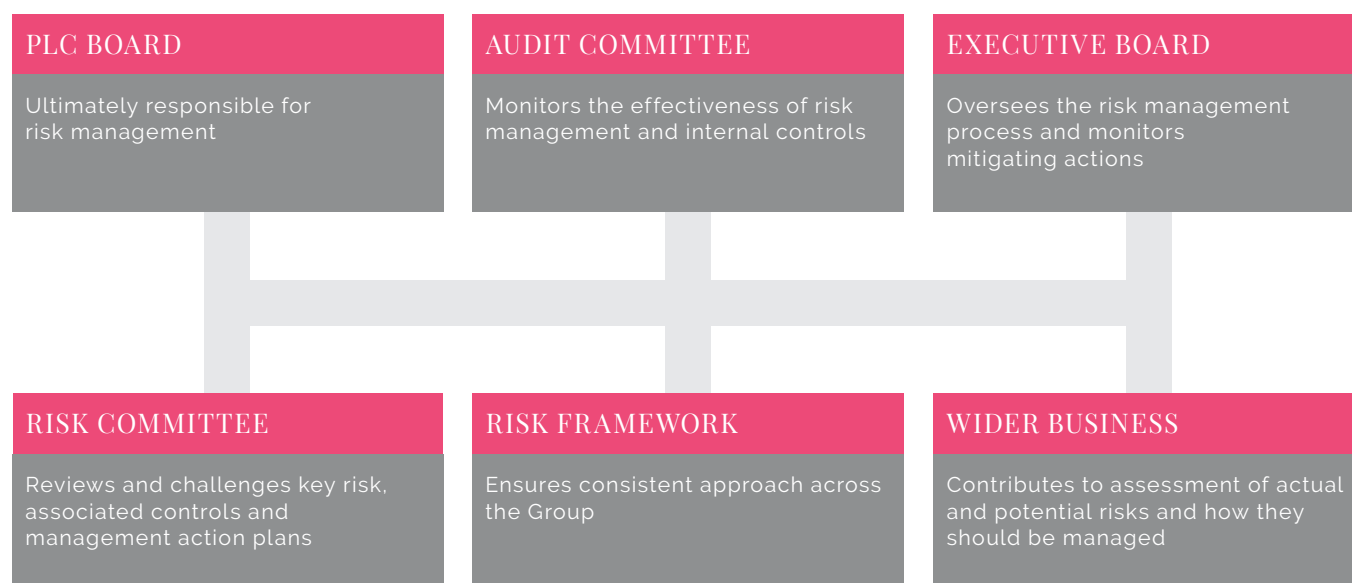
In addition, the Group has established a Risk Committee that includes the Chief Financial Officer and other senior management. The Risk Committee helps the Executive Board review the risk management and control process in each key business area on an ongoing basis and provides a platform for management 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
<b>BRAND AND REPUTATIONAL RISK</b> 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.	  
<b>DEVELOPMENT OF OVERSEAS MARKETS</b> 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.	  
<b>FASHION AND DESIGN</b> 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.	  
<b>CHANGING ECONOMIC ENVIRONMENT</b> Broad changes to consumer expenditure or a deterioration in the economy could materially and adversely affect the Group's financial condition, operations and business prospects. In the UK, where the majority of the Group's revenues are generated, the expected exit from the EU has increased the likelihood and potential impact of this risk.	In the short term the brand's focus on providing a quality and value-for-money product ensures QUIZ appears as a viable option in the event of reduced overall expenditure. In the longer term the flexible business model, such as stores having short lease terms, provides the ability to direct resources to where is most relevant for the QUIZ customer.	  


## LINKS TO STRATEGY

- 
**ONLINE**
17 [Read more](#) →
- 
**INTERNATIONAL**
18 [Read more](#) →
- 
**UK STORES AND CONCESSIONS**
19 [Read more](#) →


## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk and impact	Mitigation	Links to strategy
<p><b>BREXIT RISK</b></p> <p>The anticipated exit of the UK from the EU in October 2019 adds complexity and uncertainty across many areas of the Group's operations that could impact on our ability to get products to customers in a timely manner and on product profit margins.</p>	<p>The Executive Directors along with appropriate senior management, together with external advisers, continue to carefully monitor the potential impact of Brexit.</p> <p>Options to mitigate potential supply chain disruption and adverse duty impacts have been considered and will be adapted dependent upon the nature and timing of the post Brexit arrangements.</p> <p>It should be noted that, at this stage, the lack of clarity with regards to these arrangements makes it challenging to plan mitigation strategies effectively.</p>	  
<p><b>PRODUCT SOURCING</b></p> <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>	<p>The Group has a policy and process for undertaking due diligence on existing and new suppliers. This includes a review of compliance with laws and regulations and that suppliers meet generally accepted standards of good practice. In addition, suppliers are required to sign up to the QUIZ code of conduct. This process includes steps to ensure transparency of where products are produced and under what conditions.</p> <p>Ethical audits are undertaken across the product supply base supported by a third-party agency. The wide range of suppliers reduces any dependency on any one producer, minimising the impact of any need to terminate arrangements.</p>	  
<p><b>LOSS OF KEY TRADING PARTNER</b></p> <p>There is a high dependency on a small number of third-party partners in relation to online, franchise and concession revenues. The loss of one of these partners would impact upon the business.</p>	<p>Trading relationships with all our partners are monitored on a regular basis to ensure they are profitable for both parties. If relationships are unprofitable they are terminated. We have regular contact with our key partners to ensure our relationships continue to evolve. The continued growth and diversification of the business reduces the existing dependency and allows for new partners to be identified. Credit risk is managed through the use of a Standby Letter of Credit for a number of international customers.</p>	  
<p><b>PHYSICAL INFRASTRUCTURE</b></p> <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>	<p>Preventative measures are taken to minimise the risk associated with damage to or the loss of our distribution facility or head office. Business continuity of the head office functions would be preserved through working from an alternative facility. In addition, the Group maintains insurance cover at an appropriate level to protect against the impact of such an interruption.</p>	  


## LINKS TO STRATEGY

- 

ONLINE

17 [Read more](#) →
- 







INTERNATIONAL

18 [Read more](#) →
- 

UK STORES AND CONCESSIONS

19 [Read more](#) →



Risk and impact	Mitigation	Links to strategy
<p><b>IT INFRASTRUCTURE AND CYBER SECURITY</b></p> <p>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.</p>	<p>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.</p>	
<p><b>INFRASTRUCTURE FOR ECOMMERCE SALES</b></p> <p>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.</p>	<p>The team associated with ecommerce sales has grown with the increase in sales and we regularly identify what resource will be required to facilitate future growth. A budget is allocated to provide for capital investment in software and other initiatives to ensure the infrastructure supports future growth.</p>	
<p><b>PEOPLE</b></p> <p>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.</p>	<p>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.</p>	
<p><b>LOSS OF KEY STAFF</b></p> <p>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.</p>	<p>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.</p>	
<p><b>REGULATORY AND LEGAL FRAMEWORK</b></p> <p>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.</p>	<p>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.</p>	
<p><b>FOREIGN EXCHANGE</b></p> <p>The Group is exposed to fluctuations in the exchange rates of key currencies.</p>	<p>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 ahead through the use of forward contracts.</p>	

# SOCIAL RESPONSIBILITY

At QUIZ, we pride ourselves on acting as a responsible company in everything that we do.

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

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

Building long-term relationships with our suppliers has created a sustainable supply for our fast-fashion model to grow. We work with our suppliers to ensure that our expectations with regards to ethical compliance are reflected throughout the global supply chain.

## FAST FASHION WITH INTEGRITY

As a fast-growing brand, we are aware of the sensitivities of sourcing responsibly and the challenges posed by having a global supply chain focused on fast 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 expect our suppliers to sign the QUIZ Ethical Code of Practice, which adheres to the core principles of the Ethical Trading Initiative Base Code, which sets worldwide standards on labour practices, to protect our own workers as well as those throughout our supply chain.

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

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. These relationships allow for a joint commitment to becoming fully transparent and accountable to enable change where necessary.

Much of our product is sourced from China, with a significant percentage manufactured in the UK. We understand that supply chain and ethical compliance transparency is a challenging area and are committed to continuously driving improvements through non-compliance remediation, factory visits and supporting suppliers in their ethical evolution.

Our public statement with regards to the Modern Slavery Act, detailing our progress and commitment, is available at [www.quizgroup.co.uk](http://www.quizgroup.co.uk).





## OUR QUIZ COMMUNITY

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

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

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

We care about the local communities in which we work and make sure we positively contribute to those local communities in which we reside. Our dedicated teams, at head offices and across our stores, hold numerous fundraising events throughout the year and sample sales on behalf of local charities and donate stock to The Sun newspaper for its charity pop-up shops. In addition, in the last year our employees have chosen Coppafeel!, which is focused on surviving breast cancer, as their designated charity. The business is supporting its fundraising activities and increasing awareness of this organisation.

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

The fact that a gender pay gap exists at QUIZ is, we believe, due to the structure of our business rather than any inequality 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 33.

**TARAK RAMZAN** CHIEF EXECUTIVE  
30 July 2019

# BOARD OF DIRECTORS

A

**PETER  
COWGILL**

**INDEPENDENT  
NON-EXECUTIVE  
CHAIRMAN**



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

N

**TARAK  
RAMZAN**

**CHIEF  
EXECUTIVE**



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

R

**GERARD  
SWEENEY**

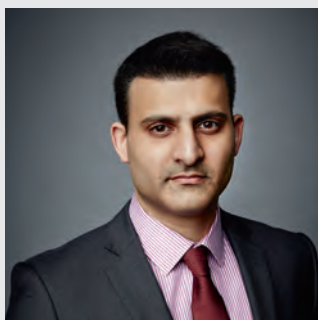
**CHIEF  
FINANCIAL  
OFFICER**



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

## SHERAZ RAMZAN

**CHIEF  
COMMERCIAL  
OFFICER**



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



## CHARLOTTE O'SULLIVAN

**INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR**



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







## ROGER MATHER

**INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR**



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

-  Audit Committee
-  Nomination Committee
-  Remuneration Committee
-  Committee Chairman



# GOVERNANCE FRAMEWORK

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

## BOARD GOVERNANCE

The Company is listed on the Alternative Investment Market of the London Stock Exchange. In the current year the Company has adopted the Quoted Companies Alliance Corporate Governance Code ("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](http://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 34 and 35.

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.



PETER COWGILL

**INDEPENDENT  
NON-EXECUTIVE CHAIRMAN**

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

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

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

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

## 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.

	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 11 June 2019, the Board and the Remuneration and Nomination Committees have met once since the end of the financial year. The Audit Committee has met twice this year. All applicable Directors attended these meetings other than the initial Audit Committee meeting, which was not attended by Peter Cowgill.

## EVALUATION

The Chairman conducts an annual internal evaluation of the Board (including sub-committees and individual Board members). This involves anonymous questionnaires formulated to enable the Board to confirm that its performance, as well as the contribution of each of the Executive and Non-Executive Directors, demonstrate commitment to their respective roles and that the Board members' respective skills complement each other and enhance the overall operation of the Board. The results of this evaluation are 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 conducted in the current year supported the current structure, the skills available and the overall operation of the Board.

## 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.

## 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 ("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.

## RELATIONS WITH SHAREHOLDERS

The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year preliminary results. The Board is informed of shareholder views as part of the regular reporting process and matters for discussion.

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

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

## ANNUAL GENERAL MEETING ("AGM")

The Company's AGM will take place on 27 September 2018. The Annual Report and Accounts and Notice of the AGM will be sent to shareholders at least 20 working days prior to this date.

## AUDITORS' INDEPENDENCE

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



# AUDIT COMMITTEE REPORT

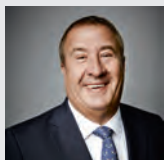
## CHAIRMAN

### ROGER MATHER



## OTHER MEMBERS

### PETER COWGILL



On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 March 2019.

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 Officer and Chief Financial Officer also attend Committee meetings by invitation. The Committee has met three times since 5 June 2018, being the date the Group's last Annual Report was approved.

The Board is satisfied that I, as Chairman 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 2019;
- 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
- the auditors' assessment of internal controls and reviewing the Company's risk.

The Committee meets a minimum of twice per year.

**ROLE OF THE EXTERNAL AUDITORS**

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

**AUDIT PROCESS**

The external auditors prepare an audit plan that sets out the scope of the audit, key areas of audit focus, audit materiality and the audit timetable for audit work. This plan is reviewed and agreed in advance by the Audit Committee. Following the completion of its 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. The forecast indicates that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements.

**ROGER MATHER AUDIT COMMITTEE CHAIRMAN**

30 July 2019

# NOMINATION COMMITTEE REPORT

## CHAIRWOMAN

### CHARLOTTE O'SULLIVAN



## 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 2019.

## MEMBERS OF THE NOMINATION COMMITTEE

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

## DUTIES

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

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

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

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

## ACTIVITY DURING THE YEAR

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

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

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

## TERMS OF REFERENCE

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

**CHARLOTTE O'SULLIVAN** NOMINATION COMMITTEE CHAIRWOMAN  
30 July 2019



# DIRECTORS' REMUNERATION REPORT

## CHAIRMAN

### ROGER MATHER

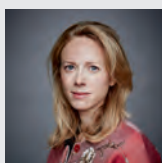


## OTHER MEMBERS

### GERARD SWEENEY



### CHARLOTTE O'SULLIVAN



On behalf of the Board, I am pleased to present the Remuneration Committee Report for the year ended 31 March 2019.

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, Charlotte O'Sullivan and the Chief Financial Officer, Gerard Sweeney.

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

## DUTIES

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

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

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

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

The Remuneration Committee meets at least twice a year.

## PRINCIPLES APPLIED

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

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

## REMUNERATION OF NON-EXECUTIVE DIRECTORS

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

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

## REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

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

- includes a market competitive salary, the level of which reflects the particular Director's experience and the nature and complexity of their work;
- rewards the Director's personal performance (through the award of annual bonuses) and provides an appropriate link to the Company's long-term performance and continued success (through the operation of share-based incentive schemes);

- provides post-retirement benefits through contributions to an individual's pension schemes or an equivalent cash alternative; and
- provides employment-related benefits including the provision of a company car or cash alternative, life assurance, insurance relating to the Director's duties, and medical insurance.

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

## SALARIES, BONUSES AND OTHER INCENTIVE SCHEMES

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

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

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

Options granted under the CSOP and ESOP generally vest after three years. 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 21.

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

## DIRECTORS' REMUNERATION REPORT CONTINUED

**SALARIES, BONUSES AND OTHER INCENTIVE SCHEMES** continued

The following information is required by the AIM Rules:

	Basic salary/fees £000	Bonus £000	Taxable benefits £000	Pension contributions £000	<b>2019 Total £000</b>	Basic salary/fees £000	Taxable benefits £000	Pension contributions £000	2018 Total £000
<b>Executive Directors</b>									
Tarak Ramzan	180	—	15	22	<b>217</b>	139	8	15	163
Gerard Sweeney	130	19	10	13	<b>172</b>	117	8	11	136
Sheraz Ramzan	130	—	9	13	<b>152</b>	102	5	9	116
<b>Non-Executive Directors</b>									
Peter Cowgill	75	—	—	1	<b>76</b>	50	—	—	50
Charlotte O'Sullivan	35	—	—	1	<b>36</b>	23	—	—	23
Roger Mather	40	—	—	—	<b>40</b>	27	—	—	27
	590	19	34	50	<b>693</b>	458	21	35	515

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

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

Pension contributions are paid into defined contribution schemes with the exception of Gerard Sweeney, who 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 2018	Granted	Exercised	<b>31 March 2019</b>	Exercise price (pence)
Peter Cowgill	186,355	—	—	<b>186,355</b>	80.50

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

**OPTIONS GRANTED UNDER THE CSOP AND THE ESOP**

	Scheme	31 March 2018	Granted	Exercised	<b>31 March 2019</b>	Exercise price (pence)
Gerard Sweeney	CSOP	18,633	—	—	<b>18,633</b>	161.00
Gerard Sweeney	ESOP	142,857	—	—	<b>142,857</b>	161.00
Gerard Sweeney	ESOP	—	34,528	—	<b>34,528</b>	188.25

The above options vest after three years and have no performance conditions.



## EXTERNAL NON-EXECUTIVE DIRECTOR POSITIONS

The Company allows Executive Directors to hold external directorships subject to agreement by the Chairman 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 2019 was 16.55 pence and the range during the year was 15.83–201.50 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 2019 were as follows:

	Beneficially owned		Unvested outstanding share awards	
	2019	2018	2019	2018
<b>Executive Directors</b>				
Tarak Ramzan	<b>25,313,539</b>	25,313,539	—	—
Gerard Sweeney	<b>12,422</b>	12,422	<b>196,018</b>	161,490
Sheraz Ramzan	<b>6,579,334</b>	6,579,334	—	—
<b>Non-Executive Directors</b>				
Peter Cowgill	<b>93,168</b>	93,168	<b>186,335</b>	186,335
Charlotte O'Sullivan	<b>6,213</b>	6,213	—	—
Roger Mather	<b>12,422</b>	12,422	—	—

## ROGER MATHER REMUNERATION COMMITTEE CHAIRMAN

30 July 2019

# 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 2019.

## PRINCIPAL ACTIVITIES

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

## BUSINESS REVIEW

The Directors are required to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS"). These set out the requirement for a fair review of the business, its position at the year end and a description of the principal risks and uncertainties facing the Group. The Strategic Report on pages 2 to 33 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 2019 are set out in the consolidated statement of comprehensive income on page 53. The Directors have suspended dividend payments in the current 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 34 and 35.

Details of the Directors' beneficial interests are set out in the Remuneration Report on page 45.

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 20 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 2019 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
Schroder Investment Management Limited	10.6
Omar Aziz	6.4
Kasim Akram	6.3
Nusrat Ramzan	6.1
Sheraz Ramzan	5.3
Mussarat Ramzan	5.2
Haris Ramzan	5.0
Hargreaves Lansdown Asset Management	4.8
Artemis Investment Management	4.2
Cavendish Asset Management	4.1
Brooks MacDonald Asset Management	4.1

## FINANCIAL RISK MANAGEMENT

Details of financial risk management are detailed in Note 24 to the financial statements.

## GOING CONCERN

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

## POST-BALANCE SHEET EVENTS

There have been no material post-balance sheet events.

## FUTURE DEVELOPMENTS

The Strategic Report on pages 2 to 33 sets out the likely future developments of the Company and Group.

## POLITICAL DONATIONS

No political donations were made during the year under review.

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## **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 pages 32 and 33.

## **DISABLED EMPLOYEES**

Details of the Group's policy in relation to disabled employees is set out in the Social Responsibility Report on pages 32 and 33.

## **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 11 June 2019.

## **ANNUAL GENERAL MEETING**

The Company's AGM will be held on 4 September 2019.

**GERARD SWEENEY** COMPANY SECRETARY

30 July 2019



## DIRECTORS' RESPONSIBILITIES STATEMENT

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

The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under Jersey company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

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

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

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

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

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

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

On behalf of the Board

**TARAK RAMZAN** CHIEF EXECUTIVE

**GERARD SWEENEY** CHIEF FINANCIAL OFFICER

30 July 2019

## OPINION

We have audited the financial statements of QUIZ plc (the "parent company") and its subsidiaries (the "Group") for the year ended 31 March 2019 which comprise the consolidated and Company statements of comprehensive income, consolidated and Company statements of financial position, consolidated and Company statements of changes in equity, consolidated cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2019 and of the Group's profit and the parent company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

## KEY AUDIT MATTERS

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

## GROUP KEY AUDIT MATTERS

### Revenue recognition in omni-channel sales environment Risk

As described in the accounting policies, income is recognised on the transfer of ownership of products to customers. The Group income is derived through an omni-channel sales model, collecting sales through retail outlets, concession arrangements, franchise arrangements, online sales through their own and third-party websites and wholesaling. Consequently, there is a risk that controls over these sources of income do not adequately capture and record accurate sales information. Cut-off procedures on sales through third-party sites create the greatest risk of misstatement due to reliance on third-party information.

## INDEPENDENT AUDITORS' REPORT CONTINUED

TO THE MEMBERS OF QUIZ PLC

**GROUP KEY AUDIT MATTERS** continued**Revenue recognition in omni-channel sales environment** continued**Our response**

We documented the processes and tested key management controls around recognition and measurement of revenue and performed analytical audit procedures and substantive sampling procedures to test whether revenue data was being collected and recorded appropriately. We reviewed a sample of franchise and concession agreements to test whether revenue was recognised in line with the substance of these agreements.

We also performed year-end cut-off testing on revenue.

**Existence and valuation of stock****Risk**

As described in the accounting policies, stock is carried at the lower of cost or net realisable value and is assessed at each reporting date for impairment. The Group holds stock in multiple locations, some of which is physically controlled by third parties, creating a risk of misstatement in the reported year-end stock. The Group has a trading model based on fast turnover in product lines, creating some risk that seasonal stock held becomes obsolete or unsaleable.

**Our response**

We documented the processes and tested key management controls around stock recording. In addition, we attended stock counts to test the accuracy of physical stock records. We tested pricing methodology and sell-through of year-end stock to ensure stock was held at lower of cost and ultimate net realisable value. We reviewed management's policy on providing against stock lines and tested whether this was appropriate and consistently applied.

**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 users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the Group financial statements as a whole was calculated as £840,000, which was not changed significantly during the course of our audit. Materiality for the parent company financial statements as a whole was calculated as £90,000, which has not changed significantly during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £40,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

**AN OVERVIEW OF THE SCOPE OF OUR AUDIT**

Our audit was scoped by obtaining an understanding of the Group and its control environment, including Group-wide controls, and assessing the risk of material misstatement. Our Group audit scope included the full scope audit of all components requiring a statutory audit. These were performed at a materiality level determined by reference to the scale of the business concerned. The financial statements were audited on a consolidated basis using Group materiality. The scope of our audit covered 100% of both consolidated profit after tax and consolidated net assets.

**OTHER INFORMATION**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.



## **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

## **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement set out on page 48, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **AUDITORS' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in appendix 1 of this Auditors' Report. This description, which is located at page 52, forms part of our Auditors' Report.

## **USE OF OUR REPORT**

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

**ALAN AITCHISON FOR AND ON BEHALF OF RSM UK AUDIT LLP, AUDITORS**

THIRD FLOOR  
CENTENARY HOUSE  
69 WELLINGTON STREET  
GLASGOW  
G2 6HG  
30 July 2019

## INDEPENDENT AUDITORS' REPORT CONTINUED

TO THE MEMBERS OF QUIZ PLC

**APPENDIX 1: AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

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

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 SME 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 Group and parent company financial statements of the current year and are therefore the key audit matters. We describe these matters in our Auditors' 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 2019

	Notes	2019 £000	2018 £000
<b>Continuing operations</b>			
Revenue	3	130,898	116,430
Cost of sales		(51,498)	(43,101)
<b>Gross profit</b>		<b>79,400</b>	<b>73,329</b>
Recurring administrative costs		(54,760)	(42,366)
Non-recurring administrative costs	4	(369)	(1,037)
<b>Total administrative costs</b>		<b>(55,129)</b>	<b>(43,403)</b>
Distribution costs		(24,066)	(21,369)
Other operating income		6	15
<b>Total operating costs</b>		<b>(79,189)</b>	<b>(64,757)</b>
<b>Operating profit</b>	6	<b>211</b>	<b>8,572</b>
Finance income	7	36	30
Finance costs	7	(31)	(53)
<b>Profit before income tax</b>		<b>216</b>	<b>8,549</b>
Income tax charge	8	(104)	(1,724)
<b>Profit for the year</b>		<b>112</b>	<b>6,825</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences – foreign operations		(46)	47
<b>Profit and total comprehensive income for the year attributable to owners of the parent</b>		<b>66</b>	<b>6,872</b>
<b>Profit per share</b>			
Basic earnings per share	9	0.09p	5.49p
Diluted earnings per share	9	0.09p	5.49p

All of the above income is attributable to the shareholders of the Company.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	31 March 2019 £000	31 March 2018 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	15,983	14,793
Intangible assets	12	8,230	7,289
<b>Total non-current assets</b>		<b>24,213</b>	22,082
<b>Current assets</b>			
Inventories	13	14,453	14,717
Trade and other receivables	14	12,552	9,774
Cash and cash equivalents	22	7,555	9,883
<b>Total current assets</b>		<b>34,560</b>	34,374
<b>Total assets</b>		<b>58,773</b>	56,456
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(17,099)	(12,090)
Loans and borrowings	16	(40)	(641)
Derivative financial liabilities	17	(5)	(5)
Corporation tax payable		(452)	(1,127)
<b>Total current liabilities</b>		<b>(17,596)</b>	(13,863)
<b>Non-current liabilities</b>			
Loans and borrowings	16	—	(41)
Deferred tax liabilities	18	(378)	(412)
<b>Total non-current liabilities</b>		<b>(378)</b>	(453)
<b>Total liabilities</b>		<b>(17,974)</b>	(14,316)
<b>Net assets</b>		<b>40,799</b>	42,140
<b>Equity</b>			
Called-up share capital	20	373	373
Share premium	20	10,315	10,315
Merger reserve	20	915	915
Retained earnings	20	29,196	30,537
<b>Total equity</b>		<b>40,799</b>	42,140

These financial statements of QUIZ plc, registered number 123460, on pages 53 to 74 were approved by the Board of Directors and authorised for issue on 30 July 2019 and were signed on its behalf by:

**TARAK RAMZAN** CHIEF EXECUTIVE  
**GERARD SWEENEY** CHIEF FINANCIAL OFFICER  
30 July 2019

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Notes	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000
<b>At 1 April 2017</b>		1,454	—	—	23,471	24,925
Impact of Group reconstruction		(1,095)	—	915	—	(180)
New shares issued (net of expenses)	20	20	10,315	—	—	10,335
Shares cancelled on conversion of shares		(6)	—	—	—	(6)
Credit arising on conversion of shares		—	—	—	6	6
Profit and total comprehensive income for the year		—	—	—	6,872	6,872
Share-based payments charge		—	—	—	188	188
<b>At 31 March 2018</b>		<b>373</b>	<b>10,315</b>	<b>915</b>	<b>30,537</b>	<b>42,140</b>
Profit and total comprehensive income for the year		—	—	—	66	66
Share-based payments charge		—	—	—	84	84
Dividends paid	10	—	—	—	(1,491)	(1,491)
<b>At 31 March 2019</b>		<b>373</b>	<b>10,315</b>	<b>915</b>	<b>29,196</b>	<b>40,799</b>

All equity is attributable to the owners of the parent.

## CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2019

	Notes	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
<b>Cash flows from operating activities</b>			
Cash generated by operations			
Operating profit		211	8,572
Depreciation of tangible assets		3,767	2,761
Amortisation of intangible assets		245	130
Share-based payment charges		84	188
Exchange movement		(29)	37
Decrease/(increase) in inventories		264	(5,405)
(Increase)/decrease in receivables		(2,779)	959
Increase in payables		5,030	2,358
Decrease in provisions		—	(162)
Net cash from operating activities		6,793	9,438
Interest paid		(31)	(63)
Income taxes paid		(832)	(2,023)
<b>Net cash generated by operating activities</b>		<b>5,930</b>	<b>7,352</b>
<b>Cash flows from investing activities</b>			
Payments to acquire intangible assets		(1,186)	(903)
Payments to acquire property, plant and equipment		(4,957)	(5,435)
Payments to facilitate Group reconstruction		—	(180)
Interest received		36	30
<b>Net cash used in investing activities</b>		<b>(6,107)</b>	<b>(6,488)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(254)	(1,231)
Net proceeds from share issue		—	10,335
Dividends paid		(1,491)	—
<b>Net cash (used in)/generated by financing activities</b>		<b>(1,745)</b>	<b>9,104</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,922)</b>	<b>9,968</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>9,495</b>	<b>(484)</b>
Effect of foreign exchange rates		(18)	11
<b>Cash and cash equivalents at end of year</b>	22	<b>7,555</b>	<b>9,495</b>



## 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 33.

These financial statements for the year ended 31 March 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRS"), IFRS IC interpretations and the Companies (Jersey) Law 1991.

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

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

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

### Basis of consolidation

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

### Initial application of IFRS 9 Financial Instruments

The Group has applied IFRS 9 Financial Instruments for the first time in the year ended 31 March 2019. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9 the Group has adopted consequential changes to IAS 1 Presentation of Financial Statements. In addition, the Group has applied the consequential amendments to IFRS 7 Financial Instruments: Disclosure to the current year only.

The classification of financial assets under IFRS 9 is based on whether the contractual cash flows of the instrument are solely payments of principal and interest, and whether the business model is to collect those contractual cash flows and/or sell the financial assets. All the Group's financial assets were previously classified as loans and receivables under IAS 39 and are classified as assets at amortised cost under IFRS 9.

The only change in measurement of financial assets on application of IFRS 9 arises from impairment of financial assets. IFRS 9 requires impairments of financial assets to be assessed using an "expected loss" model.

Currently the Group has recognised impairment loss on an individual basis, based on various indicators, such as significant financial difficulty or expected bankruptcy. The amount of the provision as at 31 March 2019 is £506,000.

Using the expected loss model the Group calculated a provision of £77,000. As a result, the adjustment required on transition to IFRS 9 is not considered to be material for the current year financial statements.

The application of IFRS 9 has not changed the measurement of the Group's financial liabilities or the Group's accounting policies for the recognition or derecognition of financial instruments.

### Initial application of IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 Revenue from Contracts with Customers for the first time in the year ended 31 March 2019.

In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules retrospectively with the cumulative effect of initially applying the standard recognised at the date of the initial application. The impact of the adoption as at 1 April 2018 was to recognise and record a refund liability in relation to online sales. The amount of provision calculated as at 31 March 2018 was £200,000. No adjustment is required as at 1 April 2018. As at 31 March 2019, the amount of provision calculated is £280,000 with a revenue element deemed not to be material.

Therefore, the impact on the transition to IFRS 15 on QUIZ's revenue recognised at 1 April 2018 and 31 March 2019 is deemed not material and a transition adjustment is not required.

There has been no material impact on earnings per share due to reflecting the impact of the new standard as at 1 April 2018. There has been no impact on accounting for costs and the Group statement of cash flows.

## NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2019

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

The Directors have prepared trading and cash flow forecasts for a period of three years from the date of approval of these financial statements. The Directors have a reasonable expectation that the Group has adequate cash headroom. Accordingly, the financial statements of the Group have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRS"), IFRS IC interpretations and the Companies (Jersey) Law 1991.

**Intangible assets****Goodwill**

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

**Other intangible assets**

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

Computer software	between 7 and 10 years
Trademarks	10 years

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

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

**Property, plant and equipment**

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

Property leasehold	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.

**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.

**Sale of goods – retail**

The Group operates a chain of retail outlets for selling clothing products. Sales of goods are recognised when the customer obtains control of the product after payment is made.

**Internet revenue**

Revenue from the provision of the sale of goods on the internet is recognised at the point that the product is delivered to a customer or point of collection. Transactions are settled by credit or payment card.

**Wholesale revenue**

Wholesale revenue is recognised when title has passed in accordance with the individual terms of trade.

**Returns**

A provision for returns, based on historical customer return rates, is deducted from revenue.

**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. Current tax assets and liabilities are measured using the tax rates that have been enacted or substantively enacted by the reporting date.

## **1 SIGNIFICANT ACCOUNTING POLICIES** continued

### **Taxation** continued

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.

### **Leasing**

All leases are operating leases and the annual rentals are charged to profit or loss on a straight-line basis over the lease term. Rent-free years or other incentives received for entering an operating lease are accounted for as a reduction to the expense and are recognised on a straight-line basis over the lease term.

### **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.

**1 SIGNIFICANT ACCOUNTING POLICIES** continued**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.

**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.



## **1 SIGNIFICANT ACCOUNTING POLICIES** continued

### **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.

### **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 21.

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 year, 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.

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

### **Critical accounting estimates and judgements**

In the application of the Company'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:

### **Impairment of goodwill**

The Directors are required to test, where indicators of impairment exist, whether goodwill has suffered an impairment. Details of this assessment are provided in Note 12. Based on the assessment and sensitivity test carried out, the Directors have concluded that goodwill of £6.2 million is not impaired.

### **Impairment of assets**

An assessment is made at each reporting date of whether there are indications that an asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount is estimated or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs is estimated.

Shortfalls between the carrying value of an asset and its recoverable amount, being the higher of fair value less costs to sell and value in use, are recognised as impairment losses. Impairment of revalued assets is treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses, other than goodwill, are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversal of impairment losses is recognised in profit or loss for revalued assets as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amounts (less any residual value) over its remaining useful life.

## NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2019

**1 SIGNIFICANT ACCOUNTING POLICIES** continued**Critical accounting estimates and judgements** continued**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. The provision is determined based on the choice of an appropriate percentage in accordance with the ageing of stock.

**Returns provision**

The accounting estimate related to the return of stocks sold online is susceptible to changes from period to period. The value of expected returns of £0.3 million (2018: £0.2 million) is estimated using recent past experience. Any variation from this estimate would result in either an increase or a reduction to the carrying value of stocks and an increase or decrease in gross margins.

**2 NEW ACCOUNTING PRONOUNCEMENTS**

The financial statements have been prepared in accordance with accounting policies that are consistent with those applied above. The following new or revised standards or interpretations apply to accounting years beginning after 1 April 2018:

New or revised standards or interpretations	Effective for accounting years commencing on or after
IFRS 16 Leases	1 January 2019
Annual improvements to IFRS 2015–2017 cycle	1 January 2019
Amendments to IFRS 3 Business Combinations (issued on 22 October 2018)	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)	1 January 2020

**Title of standard**

Nature of change

**IFRS 16 Leases**

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The management has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

The adoption of IFRS 16 has no effect on how the business is run, nor on the overall cash flows for the Group.

As at the reporting date, the Group has non-cancellable operating lease commitments of £23,248,000; see Note 23. Of these commitments, approximately £400,000 relate to short-term leases which will be recognised on a straight-line basis as an expense in profit or loss.

For the remaining lease commitments, the Group expects to recognise right-of-use assets of approximately £23,100,000 on 1 April 2019 and lease liabilities of £23,200,000 (after adjustments for prepayments and accrued lease payments recognised as at 31 March 2019). Net current assets will be £5,000,000 lower due to the presentation of a portion of the liability as a current liability.

Mandatory application date/  
date of adoption by Group

The Group will apply the standard from 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

### 3 REVENUE

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

	2019 £000	2018 £000
Online	41,018	30,641
International	22,978	21,218
UK Stores and concessions	66,902	64,571
	<b>130,898</b>	116,430

	2019 £000	2018 £000
United Kingdom	105,486	92,894
Rest of the world	25,412	23,536
	<b>130,898</b>	116,430

Deducted from Online revenue generated for the year is an estimated returns liability of £280,000 (2018: £200,000).

As at 31 March 2019 non-current assets in the United Kingdom were £22,486,000 (2018: £19,959,000) with £1,727,000 (2018: £2,123,000) located in the rest of the world.

### 4 NON-RECURRING ADMINISTRATIVE COSTS

The non-recurring costs of £0.4 million in the year ended 31 March 2019 related to the write-off of debt arising from the administration of House of Fraser.

Non-recurring administrative costs in the year ended 31 March 2018 of £1.0 million related to the Placing and Admission to AIM by the Company and the Group reorganisation undertaken in preparation of this process.

### 5 EMPLOYEE BENEFIT EXPENSES

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

	2019 £000	2018 £000
Wages and salaries	18,786	16,045
Social security costs	1,360	1,155
Other pension costs	254	128
Agency costs	3,887	2,552
	<b>24,287</b>	19,880

	No.	No.
Retail	1,422	1,305
Distribution	45	30
Administration	188	140
	<b>1,655</b>	1,475

Included above is £693,000 in respect of Directors' remuneration (2018: £515,000). Further details on Directors' remuneration can be found in the Directors' Remuneration Report on pages 42 to 45.

## NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2019

**6 OPERATING PROFIT**

Operating profit is stated after charging:

	2019 £000	2018 £000
Cost of inventories recognised as an expense	51,498	43,101
Distribution costs	24,066	21,369
Employment costs	24,287	19,880
Depreciation	3,767	2,761
Amortisation	245	130
Operating lease payments	6,982	5,831
Non-recurring administrative costs	369	1,037
Share-based payment charges	84	188
Other expenses	19,389	13,561
	<b>130,687</b>	<b>107,858</b>

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

	2019 £000	2018 £000
<b>Audit services</b>		
Audit of the Company and the consolidated financial statements	11	10
Audit of the Company's subsidiaries	39	35
<b>Total audit fees</b>	<b>50</b>	<b>45</b>
Fees relating to the Admission to AIM	—	140
Fees relating to accounts preparation services	5	—
Fees relating to financial reporting advisory services	4	—
All other services	18	11
<b>Total fees payable to the Company's auditors</b>	<b>77</b>	<b>196</b>

**7 FINANCE INCOME AND EXPENSE**

	2019 £000	2018 £000
Interest on cash deposits	36	13
Other interest	—	17
<b>Finance income</b>	<b>36</b>	<b>30</b>
	<b>2019 £000</b>	<b>2018 £000</b>
Interest on loans and overdrafts	18	37
Other interest	13	16
<b>Finance expense</b>	<b>31</b>	<b>53</b>



## 8 INCOME TAX

	2019 £000	2018 £000
UK corporation tax – current year	219	1,814
UK corporation tax – prior year	(91)	(65)
Foreign tax	29	137
Deferred tax – current year	(141)	(117)
Deferred tax – effect of adjustment in tax rate	–	(53)
Deferred tax – prior year	88	8
<b>Tax on profit on ordinary activities</b>	<b>104</b>	<b>1,724</b>
Reconciliation of effective tax rate		
Profit on ordinary activities before taxation	216	8,549
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	41	1,624
Expenses not deductible for tax purposes	68	287
Effect of adjustment in tax rate	14	(53)
Adjustments to previous years	(3)	(57)
Foreign tax adjustments	(16)	(77)
	<b>104</b>	<b>1,724</b>

The UK corporation tax rate will reduce to 17% (effective 1 April 2020), as enacted on 15 September 2016. This will reduce the Group's future current tax charge accordingly.

## 9 EARNINGS PER SHARE

	2019 No.	2018 No.
Number of shares:		
Weighted number of ordinary shares outstanding	124,230,905	124,230,905
Effect of dilutive options	39,002	93,127
Weighted number of ordinary shares outstanding – diluted	124,269,907	124,324,032
Earnings:	£000	£000
Profit basic and diluted	112	6,825
Profit adjusted	412	7,862
Earnings per share:	Pence	Pence
Basic earnings per share	0.09	5.49
Adjusted earnings per share	0.33	6.33
Diluted earnings per share	0.09	5.49
Adjusted diluted earnings per share	0.33	6.33

The adjusted profit after tax for 2019 and adjusted earnings per share are shown before non-recurring costs (net of tax) of £0.3 million (2018: £1.0 million). The Directors believe that the adjusted profit after tax and the adjusted earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The adjusted profit after tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

## NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2019

**10 DIVIDENDS**

	2019 £000	2018 £000
Dividends paid	<b>1,491</b>	—

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

**11 PROPERTY, PLANT AND EQUIPMENT**

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

	Leasehold property £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>					
At 1 April 2017	649	166	1,119	17,622	19,556
Additions	729	36	555	4,115	5,435
Disposals	—	(82)	—	(104)	(186)
<b>At 31 March 2018</b>	<b>1,378</b>	<b>120</b>	<b>1,674</b>	<b>21,633</b>	<b>24,805</b>
<b>Depreciation</b>					
At 1 April 2017	411	118	458	6,450	7,437
Charge	94	32	190	2,445	2,761
Disposals	—	(82)	—	(104)	(186)
<b>At 31 March 2018</b>	<b>505</b>	<b>68</b>	<b>648</b>	<b>8,791</b>	<b>10,012</b>
<b>Net book value</b>					
<b>At 31 March 2018</b>	<b>873</b>	<b>52</b>	<b>1,026</b>	<b>12,842</b>	<b>14,793</b>
At 31 March 2017	238	48	661	11,772	12,118

## 12 INTANGIBLES

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

	Goodwill £000	Computer software £000	Trademarks £000	Total £000
<b>Cost</b>				
At 1 April 2017	6,175	633	—	6,808
Additions	—	738	165	903
<b>At 31 March 2018</b>	<b>6,175</b>	<b>1,371</b>	<b>165</b>	<b>7,711</b>
<b>Amortisation</b>				
At 1 April 2017	—	292	—	292
Charge	—	118	12	130
<b>At 31 March 2018</b>	<b>—</b>	<b>410</b>	<b>12</b>	<b>422</b>
<b>Net book value</b>				
<b>At 31 March 2018</b>	<b>6,175</b>	<b>961</b>	<b>153</b>	<b>7,289</b>
At 31 March 2017	6,175	341	—	6,516

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 4% (2018: growth rate of 2%) and a discount rate of 10% (2018: 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. The Directors do not consider goodwill to be impaired.

## 13 INVENTORIES

	2019 £000	2018 £000
Finished goods and goods for resale	<b>14,453</b>	14,717

There is no material difference between the balance sheet value of stocks and their replacement cost.

## NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2019

**14 TRADE AND OTHER RECEIVABLES**

	2019 £000	2018 £000
Trade receivables – gross	7,366	6,701
Allowance for doubtful debts	(506)	(340)
Trade receivables – net	6,860	6,361
Other receivables	1,884	584
Prepayments and accrued income	3,806	2,829
Amounts owed by related parties	2	–
	12,552	9,774

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

**15 TRADE AND OTHER PAYABLES**

	2019 £000	2018 £000
Trade payables	9,580	7,479
Other taxes and social security costs	2,263	394
Accruals	3,983	3,094
Deferred income	586	578
Other payables	561	500
Amounts due to related parties	126	45
	17,099	12,090

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 £40,000 (2018: £Nil) owed to the Group's pension scheme.

**16 LOANS AND BORROWINGS**

	2019 £000	2018 £000
Bank loans	40	294
Bank overdrafts	–	388
	40	682
Current	40	641
Non-current	–	41
	40	682

Bank loans, overdrafts and other credit facilities are secured by an unlimited multilateral and cross-company guarantee given by Kast Retail Limited and Tarak International Limited and also by a limited guarantee given by, and by a floating charge over the assets of, Kast Retail Limited and Tarak International Limited. The bank also holds a right of set-offs between Kast Retail Limited and Tarak International Limited. All entities included in the guarantee are wholly owned subsidiaries in the Group.

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

Bank overdrafts are annual facilities, subject to review at various dates during 2019 and 2020 and are repayable on demand.

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.



## 17 DERIVATIVE FINANCIAL INSTRUMENTS

	2019 £000	2018 £000
Foreign currency options	5	5

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

As at 31 March 2019, the Group had commitments to buy the equivalent of £4,800,000 of Chinese Renminbi (2018: £2,550,000) and sell the equivalent of £3,369,299 of Euros (2018: £1,140,000).

## 18 DEFERRED TAX

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

	2019 £000	2018 £000
<b>Accelerated capital allowances</b>		
Balance brought forward	464	574
Credit to income statement	(88)	(112)
Effect of foreign exchange rates	2	2
<b>Balance at end of year</b>	<b>378</b>	<b>464</b>
<b>Other short-term timing differences</b>		
Balance brought forward	(52)	—
Charge to equity	17	—
Charge/(credit) to income statement	35	(52)
<b>Balance at end of year</b>	<b>—</b>	<b>(52)</b>
<b>Total deferred tax liability at end of year</b>	<b>378</b>	<b>412</b>

There is no unprovided deferred tax in the current year for the Group (2018: £Nil).

## 19 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 17.

	2019 £000	2018 £000
<b>Category of financial instruments</b>		
Carrying value of financial assets:		
Cash and cash equivalents	7,555	9,883
Trade and other receivables	8,746	6,945
<b>Total financial assets</b>	<b>16,301</b>	<b>16,828</b>
Carrying value of financial liabilities:		
Trade and other payables	(14,250)	(11,118)
Bank and other borrowings	(40)	(682)
<b>Total financial liabilities</b>	<b>(14,290)</b>	<b>(11,800)</b>

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 2019

**20 SHARE CAPITAL AND RESERVES**

	2019 £000	2018 £000
Share capital – allotted, called up and fully paid		
124,230,905 ordinary shares of 0.3 pence each (2018: 124,230,905)	373	373
Share premium	10,315	10,315

**Share capital**

On 28 July 2017 the Company was admitted to trading on AIM. On this date the Company issued 6,583,851 ordinary shares of 0.3 pence each with a nominal value of £19,752.

Prior to this date the Company had issued 117,647,054 ordinary shares of 0.3 pence each with a nominal value of £352,941 in relation to the incorporation of the Company and the purchase of its subsidiaries, Kast Retail Limited, Tarak International Limited and Shoar (Holdings) Limited.

As a result of these transactions the issued share capital at 31 March 2018 comprised 124,230,905 ordinary shares of 0.3 pence each with a nominal value of £372,693.

**Share premium**

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

**Merger reserve**

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

**Retained earnings**

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

**21 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 Pence	Exercise period
	Number of shares					
CSOP						
28/07/17	568,093	—	(24,210)	543,883	161.00	28/07/20–28/07/27
29/06/18	—	52,320	(14,873)	37,447	188.25	29/06/21–29/06/28
ESOP						
28/07/17	323,601	—	—	323,601	161.00	28/07/20–28/07/27
29/06/18	—	112,777	—	112,777	188.25	29/06/21–29/06/28
Warrants	186,335	—	—	186,335	80.5	See overleaf
	1,078,029	165,097	(39,083)	1,204,043		

The weighted average life of the CSOP and ESOP options were 8.4 and 8.6 years respectively.

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.

## 21 SHARE-BASED PAYMENTS continued

The inputs to the model were as follows:

Option plan	CSOP	CSOP	ESOP	ESOP	Warrant
Grant date	28/07/17	29/06/18	28/07/17	29/06/18	28/07/17
Share price at grant date	161.00	188.25	161.00	188.25	80.50
Number of employees	56	12	6	15	1
Shares under option	543,883	37,447	323,601	112,777	186,335
Vesting period (years)	3	3	3	3	—
Expected volatility	31.4%	35.3%	31.4%	35.3%	31.4%
Risk-free rate	0.5%	0.5%	0.5%	0.5%	0.5%
Expected life (years)	4	4	4	4	2
Expectations of meeting performance criteria	100%	100%	100%	100%	100%
Expected dividend yield	2.0%	2.0%	2.0%	2.0%	2.0%

The Group recognised a total expense of £84,000 during the year (2018: £188,000) relating to equity-settled share-based payments, including employer's National Insurance contributions of £13,000 (2018: £26,000).

### Company Share Option Plan ("CSOP")

The Group operated a share option scheme during the year for certain employees under the CSOP, which allows tax advantaged options to be granted over the Company's shares to selected employees of the Group. The different options vest after three years and have an exercise life between three and ten years from grant date. The exercise of the options is subject to continued employment over the vesting year.

### Executive Share Option Plan ("ESOP")

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

## 22 CASH AND CASH EQUIVALENTS

	2019 £000	2018 £000
Cash	7,555	9,883
Bank overdraft	—	(388)
	7,555	9,495

## 23 FINANCIAL COMMITMENTS

### Capital commitments

The Group has capital commitments of £250,000 at 31 March 2019 (2018: £391,000) which were not provided for in the financial statements.

### Operating leases

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

	2019 £000	2018 £000
Within one year	7,780	6,620
From two to five years	15,249	13,545
In more than five years	219	1,205
	23,248	21,370

## NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2019

**24 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:

	2019 £000	2018 £000
United Kingdom	4,233	3,666
Rest of the world	3,133	3,035
	7,366	6,701

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

	Carrying amount 2019 £000	Allowance for expected credit losses £000
Not overdue	5,582	17
0 to 6 months overdue	1,060	84
3 to 6 months overdue	119	—
Over 6 months overdue	605	405
<b>Closing balance</b>	<b>7,366</b>	<b>506</b>

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

	2019 £000	2018 £000
Opening provision	340	50
Release in the year	(350)	(50)
Provided for in the year	516	340
<b>Closing provision</b>	<b>506</b>	<b>340</b>

**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.



## 24 FINANCIAL RISK MANAGEMENT continued

### Liquidity risk continued

#### 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
<b>31 March 2019</b>				
Trade payables	9,657	9,657	—	—
Other payables	561	561	—	—
Loans and borrowings	40	16	24	—
	<b>10,258</b>	<b>10,234</b>	<b>24</b>	<b>—</b>
<b>31 March 2018</b>				
Trade payables	7,479	7,479	—	—
Other payables	5,004	5,004	—	—
Loans and borrowings	294	65	188	41
	<b>12,777</b>	<b>12,548</b>	<b>188</b>	<b>41</b>

#### 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 £5,000 on the profit for the year ended 31 March 2019 (2018: £10,000).

#### 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 their 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 2019, about 8% (2018: 18%) of the Group's trade receivables balances were denominated in Euros and 10% (2018: 5%) of the Group's trade payable balances were denominated in Chinese Renminbi.

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

	Trade receivables £000	Trade payables £000	Net exposure £000
<b>31 March 2019</b>			
Euros	549	311	238
Chinese Renminbi	—	982	982
<b>31 March 2018</b>			
Euros	1,199	219	980
Chinese Renminbi	—	359	359

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

	Average rate 2019	Year-end spot rate 2019	Average rate 2018	Year-end spot rate 2018
Euros	1.13	1.16	1.13	1.14
Chinese Renminbi	8.80	8.70	9.00	9.00

#### 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 2019 would increase/decrease by £632,000 and £517,000 respectively (2018: £164,000 and £135,000). This has been calculated by applying the amended currency rate to the value of Euro receipts during the year.

## NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2019

**24 FINANCIAL RISK MANAGEMENT** continued**Market risk** continued**Sensitivity to market risk** continued

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 2019 would decrease/increase by £455,000 and £556,000 respectively (2018: £455,000 and £556,000). This has been calculated by applying the amended currency rate to the value of Chinese Renminbi payments during the year.

**Capital risk management**

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

Capital is regarded as total equity, as recognised in the Group's statement of financial position, plus net debt. Net debt is calculated as total borrowings 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 arrangements 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.

**25 RELATED PARTY TRANSACTIONS**

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

**Related party transactions with connected companies**

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

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

	Sales to		Purchased from	
	2019 £000	2018 £000	2019 £000	2018 £000
Big Blue Concepts Limited	—	—	168	168
Tarak Manufacturing Limited	—	—	177	199

	Balance owed to		Balance due from	
	2019 £000	2018 £000	2019 £000	2018 £000
Big Blue Concepts Limited	37	—	1	—
Tarak Manufacturing Limited	89	36	1	—

Since 28 July 2018 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 42 to 45 of this Annual Report provides further information regarding the remuneration of individual Directors.

	2019 £000	2018 £000
Short-term employment benefits	643	479
Post-employment benefits	50	35
Employer National Insurance contributions	81	61
Share-based payments	20	139
	794	714

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2019

	Notes	2019 £000	2018 £000
Recurring administrative costs		(975)	(261)
Non-recurring administrative costs	2	—	(1,037)
<b>Total administrative costs</b>		<b>(975)</b>	<b>(1,298)</b>
Other operating income	3	<b>1,008</b>	420
<b>Total operating income/(costs)</b>		<b>33</b>	<b>(878)</b>
<b>Operating profit/(loss)</b>		<b>33</b>	<b>(878)</b>
Dividend income from subsidiaries		—	5,000
Finance income		<b>36</b>	12
<b>Profit before income tax</b>		<b>69</b>	<b>4,134</b>
Income tax charge		<b>(21)</b>	<b>(30)</b>
<b>Profit and total comprehensive income for the year</b>		<b>48</b>	<b>4,104</b>

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

## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £000	2018 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	4	539	539
<b>Total non-current assets</b>		<b>539</b>	539
<b>Current assets</b>			
Trade and other receivables	5	6,053	5,189
Cash and cash equivalents		7,605	9,341
<b>Total current assets</b>		<b>13,658</b>	14,530
<b>Total assets</b>		<b>14,197</b>	15,069
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	(828)	(241)
Corporation tax payable		(14)	(30)
<b>Total current liabilities</b>		<b>(842)</b>	(271)
<b>Total liabilities</b>		<b>(842)</b>	(271)
<b>Net assets</b>		<b>13,355</b>	14,798
<b>Equity</b>			
Called-up share capital	7	373	373
Share premium	7	10,315	10,315
Retained earnings	7	2,667	4,110
<b>Total equity</b>		<b>13,355</b>	14,798

These financial statements of QUIZ plc, registered number 123460, on pages 75 to 80 were approved by the Board of Directors and authorised for issue on 30 July 2019 and were signed on its behalf by:

**TARAK RAMZAN** CHIEF EXECUTIVE  
**GERARD SWEENEY** CHIEF FINANCIAL OFFICER  
 30 July 2019



## COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
<b>At 1 April 2017</b>	—	—	—	—
New shares issued (net of expenses)	379	10,315	—	10,694
Shares cancelled on conversion of shares	(6)	—	—	(6)
Credit arising on conversion of shares	—	—	6	6
Profit and total comprehensive income for the year	—	—	4,104	4,104
<b>At 31 March 2018</b>	<b>373</b>	<b>10,315</b>	<b>4,110</b>	<b>14,798</b>
Profit and total comprehensive income	—	—	48	48
Dividends	—	—	(1,491)	(1,491)
<b>At 31 March 2019</b>	<b>373</b>	<b>10,315</b>	<b>2,667</b>	<b>13,355</b>

## 1 SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

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

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

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

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

### Transition to FRS 101

During the year, the Company transitioned to FRS 101 Reduced Disclosure Framework ("FRS 101") from International Financial Reporting Standards as adopted by the EU ("IFRS") and has taken advantage of the disclosure exemptions allowed under this standard. There was no material impact on transition for the year ended 31 March 2019 or 31 March 2018.

### Reduced disclosures

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

- presentation of a statement of cash flows and related notes;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- financial instrument disclosures, including:
  - carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments: income, expenses, gains and losses on financial instruments; and
  - effects of initial application of IFRS 9;
- disclosure of key management personnel compensation;
- related party disclosures for transactions with wholly owned members of the Group; and
- disclosure of the objectives, policies and processes for managing capital.

### Other operating income

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

### Investments

Fixed asset investments are stated at cost less provision for diminution in value.

### Going concern

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

### Financial instruments

#### Recognition of financial instruments

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

#### Initial and subsequent measurement of financial assets

##### Cash and cash equivalents

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

## **1 SIGNIFICANT ACCOUNTING POLICIES** continued

### **Initial and subsequent measurement of financial assets** continued

#### **Amounts due from Group undertakings and other receivables**

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

#### **Financial liabilities and equity**

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

### **Initial and subsequent measurement of financial liabilities**

#### **Trade payables and amounts due to Group undertakings**

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

#### **Equity instruments**

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

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

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

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

## **2 NON-RECURRING COSTS**

Non-recurring costs incurred during the year were £Nil (2018: £1,037,000). The costs incurred in prior year related to the successful Admission of the Company to the AIM of the London Stock Exchange in July 2017.

## **3 OPERATING INCOME**

The Company generated operating income of £1,008,000 (2018: £420,000) in relation to management services provided to other Group companies.

## **4 INVESTMENTS**

	2019 £000	2018 £000
Subsidiary undertakings	539	539

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

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

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

YEAR ENDED 31 MARCH 2019

**4 INVESTMENTS** continued

The registered offices of the above subsidiaries are as follows:

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

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

All shares held by the Company are ordinary equity shares.

**5 TRADE AND OTHER RECEIVABLES**

	2019 £000	2018 £000
Other receivables	127	—
Amounts owed by Group companies	5,926	5,189
	<b>6,053</b>	5,189

**6 TRADE AND OTHER PAYABLES**

	2019 £000	2018 £000
Trade payables	—	11
Other taxes and social security costs	—	35
Deferred income	—	84
Amounts owed to Group companies	828	111
	<b>828</b>	241

**7 SHARE CAPITAL AND RESERVES**

	2019 £000	2018 £000
Share capital – allotted, called up and fully paid 124,230,905 ordinary shares of 0.3 pence each (2018: 124,230,905)	373	373
Share premium	10,315	10,315

**Share capital**

On 28 July 2017 the Company was admitted to trading on AIM. On this date the Company issued 6,583,851 ordinary shares of 0.3 pence each with a nominal value of £19,752.

Prior to this date the Company had issued 117,647,054 ordinary shares of 0.3 pence each with a nominal value of £352,941 in relation to the incorporation of the Company and the purchase of its subsidiaries, Kast Retail Limited, Tarak International Limited and Shoar (Holdings) Limited.

As a result of these transactions the issued share capital at 31 March 2018 comprised 124,230,905 ordinary shares of 0.3 pence each with a nominal value of £372,693.

**Share premium**

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

**Retained earnings**

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

**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**

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