29 September 2021

QUIZ plc
("QUIZ" or the "Group")

Preliminary Results for the year ended 31 March 2021

QUIZ, the omni-channel fashion brand, announces its unaudited results for the year ended 31 March 2021 ("FY 2021").

Copies of the Audited Annual Report and Accounts for FY 2021 ("Annual Report") will shortly be available on the Company's website at: www.quizgroup.co.uk or by request on the below details. The Company will notify of the posting of the Annual Report and Notice of Annual General Meeting by mid-October 2021.

Financial highlights:
The income statement set out below is included to show the underlying performance of the Group:

	Year ended 31 March 2021			Year ended 31 March 2020		
£m	**Underlying**	**Adjusting items**	**Reported**	**Underlying**	**Adjusting items**	**Reported**
Revenue	39.7	-	39.7	118.0	-	118.0
Gross profit	21.2	-	21.2	71.1	-	71.1
Non-recurring costs	-	-	-	-	(26.3)	(26.3)
Government grants	8.2	-	8.2	-	-	-
Other operating expenses (net)	(38.8)	-	(38.8)	(73.4)	-	(73.4)
Operating (loss)/profit	(9.4)	-	(9.4)	(2.3)	(26.3)	(28.6)
Gain arising on disposal of subsidiary	-	10.4	10.4	-	-	-
Gain on bargain purchase arising on acquisition	-	5.2	5.2	-	-	-
(Loss)/profit before financing and taxation	(9.4)	15.6	6.2	(2.3)	(26.3)	(28.6)
Finance costs (net)	(0.2)	-	(0.2)	(0.8)	-	(0.8)
(Loss)/profit before tax	(9.6)	15.6	6.0	(3.1)	(26.3)	(29.4)
EBITDA	(4.9)	15.6	10.7	8.2	(2.6)	(5.6)

Adjusting items in FY21 includes the non-recurring £10.4m gain arising on the disposal of a subsidiary undertaking when it was placed into Administration and £5.2 million gain on bargain purchase arising on an acquisition and in FY20 includes the impact of impairments of Right to Use assets, store assets and goodwill and the write-off of bad debts arising from customers entering administration.

- Group revenue decreased 66% period on period in large part due to the significant impact of the COVID-19 pandemic on trading conditions, including the enforced closure of stores and concessions.
- Gross margin decreased to 53.4% from 60.3% reflecting an increased level of discounting in part as a result of the enforced stores and concessions closures
- Underlying operating costs reduced by 47% reflecting management's decisive actions in response to the impact of the pandemic
- Underlying operating costs, net of the receipt of £8.2 million of Government support. reduced by 58%
- Non-recurring non-cash gain of £10.4 million arising on the disposal of a subsidiary undertaken in the year, further to it entering into administration.
- Non-recurring non-cash gain of £5.2 million further to the gain on bargain purchase arising on the acquisition of the trade and certain assets of subsidiary which entered into administration.
- Operating cash outflows of £2.5 million (FY 2020: inflow £10.2 million)
- Total liquidity headroom at the period end of £2.4 million, being cash net of bank borrowings of £1.5 million and £0.9 million of undrawn bank facilities (31 March 2020: £6.9 million of cash and £3.5 million of undrawn bank facilities)

Operational highlights:

- Decisive action to secure substantial cost reductions in response to significant impact of COVID-19 pandemic on sales
- Store portfolio restructuring now complete, resulting in a smaller store footprint focused on more attractive locations, a significantly lower rental cost base, linked to revenues generated, and more flexible leases
- Group's store estate comprised 61 stores in the United Kingdom and four in the Republic of Ireland at the end of the year (31 March 2020: 75 in the UK and 7 in the ROI), with one further opening in the Republic of Ireland subsequently

Post year end and Outlook:

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

- Going forward, a higher proportion of revenues will be generated from the Group's own stores and websites which have traditionally generated higher returns than other revenue streams.

Tarak Ramzan, Founder and Chief Executive Officer, commented:

"Against a backdrop of highly challenging trading conditions during the year, including the enforced closures of stores and concessions for substantial periods and the cancellation of social events that are a key driver for demand of QUIZ's trademark occasion wear, we have taken decisive actions to position the business to return to long-term profitable growth, including reducing the size of our store estate, decreasing costs, and maintaining very tight cash management.

"We have continued to invest in our own e-commerce channels as we optimise our omni-channel model. We remain confident in the strength and appeal of QUIZ as an occasion wear led brand, as has been evidenced by the increase in demand and positive trends across our operational KPIs as social events returned during the summer. This continues to underpin the Board's confidence in our ability to continue to improve performance and achieve profitable growth as more normal trading patterns return."

Enquiries:

QUIZ plc Tarak Ramzan, Chief Executive Officer Gerry Sweeney, Chief Financial Officer Sheraz Ramzan, Chief Commercial Officer	**Via Hudson Sandler**
Panmure Gordon **(Nominated Adviser and Sole Broker)** Alina Vaskina (Corporate Finance) Erik Anderson (Corporate Broking)	**+44 (0) 207 886 2500**
Hudson Sandler LLP (Public Relations) Alex Brennan / Lucy Wollam	**+44 (0) 207 796 4133** quiz@hudsonsandler.com

Notes:
This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

About QUIZ:
QUIZ is an omni-channel fashion brand, specialising in occasion wear and dressy casual wear. QUIZ delivers a distinct proposition that empowers its fashion forward customers to stand out from the crowd.

QUIZ's buying and design teams constantly develop its 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 stores, concessions, franchise stores, wholesale partners and international online partners in 20 countries.

QUIZ operates through an omni-channel business model, which encompasses online sales, standalone stores, concessions, international franchises and wholesale arrangements.
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For further information:
https://www.quizclothing.co.uk/
http://www.quizgroup.co.uk/

CHAIRMAN'S STATEMENT

Introduction

The 2021 financial year has been almost entirely impacted by the COVID-19 pandemic. From March 2020, communities and businesses across the UK have felt its significant impact whether that be through the closure of non-essential retail, national lockdowns and the cancellation of social events, or its effect on consumer confidence.

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

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

FY2021 performance overview

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

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

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

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

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

The disposal of Kast when it entered into administration and the subsequent repurchase of its business and certain assets gave rise to a total of £15.6 million of gains in the Income Statement, resulting in profits before financing and taxation of £6.2 million (FY 2020: loss of £28.7 million) and EBITDA of £10.7 million (FY 2020: £5.6 million). Reported profit before tax amounted to £6.0 million (FY 2020: loss of £29.4 million), while underlying loss before tax decreased to £9.6 million (FY 2020: £3.1 million). The Financial Review section provides more detail on the Group's financial performance during the year.

Cash position

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

The cash position since the year end has improved with total liquidity headroom on 28 September 2021 of £6.2 million, being £3.8 million of cash net of bank borrowings and £2.4 million of undrawn bank facilities. Cash flows since 31 March 2021 have benefited from the more favourable trading conditions and the disposal of inventory carried over from periods where stores and concessions were unable to trade.

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

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

Operating an ethical supply chain

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

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

Dividends

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

Outlook and current trading

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

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

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

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

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

Peter Cowgill

Non-Executive Chairman

CHIEF EXECUTIVE'S REPORT

Introduction

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

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

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

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

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

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

Optimising the omni-channel model in the UK

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

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

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

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

The Group has continued to reduce its exposure to UK department stores. In the year ended 31 March 2021 the number of concessions operated reduced from 156 to 119 and reduced further to 45 post year end. The decline reflects the closure of concessions that were generating little return or were operating at a loss and the impact of the closure of Debenhams and Outfit stores. The majority of the remaining concessions are operated in New Look stores and allow for flexible arrangements for increasing the number of concessions operated given these are not staffed by QUIZ personnel and there is limited capital outlay required. Further to these changes the proportion of revenues generated from UK concessions will reduce from circa 20% prior to the pandemic to less than 10% going forward.

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

Selective international growth potential through capital light model

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

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

Managing gross margin

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

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

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

Right sizing our cost base

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

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

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

A strong brand

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

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

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

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

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

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

Our flexible supply chain remains a key competitive advantage

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

QUIZ's online channel offers significant potential

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

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

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

Targeted marketing investment

Underpinning the growth and expansion of the QUIZ brand is the Group's approach to targeted and returns-driven marketing investment. Whilst investment was restricted during the year given the Group's focus on cost management as a result of the impact of the pandemic on sales, the drop in revenues resulted in marketing investment as a proportion of Group sales for FY2021 increasing to 3.6% (FY 2020: 2.3%).

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

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

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

Strategic KPIs

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

Our team

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

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

Tarak Ramzan
Chief Executive Officer

FINANCIAL AND BUSINESS REVIEW

Basis of preparation

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

Group overview

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

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

Further to this decline in revenues, the underlying operating loss incurred was £9.4 million (FY 2020: £2.3 million). Including the non-recurring transactions, a profit before financing and taxation of £6.2 million was generated (FY 2020: loss of £28.6 million).

Financial KPIs

	2021	2020	Change
Revenue	£39.7m	£118.0m	- 66.4%
Gross margin	53.4%	60.3%	- 6.9%
Adjusted EBITDA % [1]	(13.4%)	6.9%	- 20.3%
Cash from operating activities [1]	(£2.5m)	£10.2m	- £12.7m

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

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

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

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

Cash net of bank borrowings at the year-end amounted to £1.5 million (31 March 2020: £6.9 million).

Revenue

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

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

Online

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

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

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

International

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

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

Revenues in Ireland declined 85% in the year to £1.2 million as a result of the prolonged lockdowns restricting trading, the closure of Debenhams Irish concessions in March 2020 and the reduction in stores operated from seven to four. Currently the business operates 5 stores and 15 concessions in Ireland (31 March 2020 – 7 stores and 23 concessions).

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

UK stores and concessions

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

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

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

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

Gross margin

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

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

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

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

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

Underlying operating costs

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

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

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

- £10.2 million or a 77% reduction in property costs (including depreciation charges in relation to leases for standalone stores) further to the restructuring of our standalone stores, revised rental agreements and the temporary waiver of business rates for retail businesses in the financial year to March 2021;

- £7.5 million or a 30% reduction in employment costs, before the benefit of grant income received in relation to furloughed employees, reflecting reductions in employee numbers, the impact of employees being placed on furlough and the reduction in director salaries applied in the period;
- £1.4 million or a 31% reduction in depreciation and amortisation costs (excluding depreciation charges in relation to leases for standalone stores). These reduced costs reflect the impairment of assets recorded in the previous year which reduced the amount of assets to depreciated and amortised; and
- £1.3 million or a 48% reduction in marketing costs. Spend undertaken in the year focused on digital marketing which proved to be beneficial. Given the increased demand and anticipation of further interest in occasion and dressy wear post year end the business has various marketing plans to implement to benefit from this increased interest.

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

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

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

Other operating income

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

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

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

Non-recurring items

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

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

Finance costs

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

Taxation

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

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

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

Earnings per share

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

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

Dividends

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

Cash flow and cash position

Cash net of bank borrowings at the year-end amounted to £1.5 million (31 March 2020: £6.9 million).

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

- lower revenues being derived from third parties leading to a £2.5 million reduction in receivables;
- cash management procedures which resulted in a £1.3 million increase in payables; and
- the retention of stock acquired for stores and concessions which were closed in the final quarter of the financial year resulting in a £1.1 million increase in inventories.

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

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

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

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

Foreign currency hedging

The Group currently undertakes foreign exchange transactions.

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

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

Reconciliation of underlying and reported IFRS results

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

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

A reconciliation between underlying and reported results is provided below:

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

Consolidated statement of comprehensive income
Year ended 31 March 2021

	Notes	2021 £000	2020 £000
Continuing operations			
Revenue	3	39,703	118,020
Cost of sales		(18,516)	(46,892)
Gross profit		**21,187**	**71,128**
Recurring administrative costs		(30,476)	(54,681)
Non-recurring administrative costs	4	-	(26,337)
Total administrative costs		(30,476)	(81,198)
Distribution costs		(8,304)	(18,810)
Government grants	5	8,163	-
Other operating income		69	38
Total operating costs		(30,548)	(99,790)
Operating loss		**(9,361)**	**(28,662)**
Gain arising on disposal of subsidiary undertaking	8	10,364	-
Gain on bargain purchase arising on acquisition	9	5,216	-
Profit/(loss) before financing and taxation		**6,220**	**(28,662)**
Finance income	10	45	28
Finance costs	10	(239)	(811)
Profit/(loss) before income tax		**6,027**	**(29,445)**
Income tax credit	11	186	418
Profit/(loss) for the year		**6,212**	**(29,027)**
Other comprehensive income:			
Foreign currency translation differences – foreign operations		(20)	62
Profit/(loss) and total comprehensive income for the year attributable to owners of the parent		**6,192**	**(28,965)**
Profit/(loss) per share:			
Basic and diluted earnings per share	12	5.00p	(23.37)p

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

QUIZ plc

Consolidated statement of financial position
As at 31 March 2021

	Notes	31 March 2021 £000	31 March 2020 £000
Assets			
Non-current assets			
Property, plant and equipment	14	5,218	7,270
Right to use asset	15	2,981	2,992
Intangible assets	16	3,413	4,061
Deferred tax assets		74	-
Total non-current assets		**11,686**	**14,323**
Current assets			
Inventories	17	11,087	9,693
Trade and other receivables	18	3,590	7,110
Cash and cash equivalents		4,183	6,897
Total current assets		**18,860**	**23,700**
Total assets		**30,146**	**38,023**
Liabilities			
Current liabilities			
Trade and other payables	19	(8,202)	(11,367)
Loans and borrowings	20	(2,662)	-
Lease liabilities	15	(1,866)	(6,388)
Derivative financial liabilities	21	(21)	(36)
Corporation tax payable		-	(149)
Total current liabilities		**(12,751)**	(17,940)
Non-current liabilities			
Lease liabilities	15	(1,099)	(9,950)
Deferred tax liabilities	22	(74)	(7)
Total non-current liabilities		**(1,173)**	**(9,957)**
Total liabilities		**(13,924)**	**(27,897)**
Net assets		**16,622**	**10,126**
Equity			
Called-up share capital	24	373	373
Share premium	24	10,315	10,315
Merger reserve	24	1,130	915
Retained earnings	24	4,804	(1,477)
Total equity		**16,622**	**10,126**

QUIZ plc

Consolidated statement of changes in equity
Year ended 31 March 2021

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

QUIZ plc

Consolidated cash flow statement
Year ended 31 March 2021

	Notes	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Cash flows from operating activities			
Cash generated by operations			
Profit/(loss) for the year		6,212	(29,027)
Adjusted for:			
Depreciation of property, plant and equipment		2,153	3,911
Impairment of property, plant and equipment		-	7,350
Depreciation of right-of-use assets		1,447	6,117
Impairment of right-of-use assets		-	11,208
Amortisation of intangible assets		868	467
Impairment of intangible assets		-	5,230
Gain from disposal of subsidiary undertaking		(10,364)	-
Gain on bargain purchase arising from acquisition		(5,216)	-
Share-based payment charges		89	31
Exchange movement		(2)	87
Finance cost expense		194	783
Income tax credit		(186)	(418)
(Increase)/decrease in inventories		(1,486)	4,760
Decrease in receivables		2,517	4,920
Increase/(decrease) in payables		1,266	(4,275)
Net cash from operating activities		(2,509)	11,146
Interest paid		(55)	(696)
Income taxes refunded/(paid)		97	(255)
Net cash (outflow)/inflow by operating activities		**(2,467)**	**10,195**
Cash flows from investing activities			
Payments to acquire intangible assets		(220)	(1,528)
Payments to acquire property, plant and equipment		(101)	(2,548)
Payment to acquire trade and assets		(1,302)	-
Interest received		45	28
Net cash outflow from investing activities		**(1,578)**	**(4,048)**
Cash flows inflow/(outflow) from financing activities			
Loans received		1,406	-
Repayment of borrowings		-	(40)
Payment of lease liabilities		(1,316)	(6,739)
Net cash used in by financing activities	26	**90**	**(6,779)**
Net decrease in cash and cash equivalents		**(3,955)**	**(632)**
Cash and cash equivalents at beginning of year		**6,897**	**7,555**
Effect of foreign exchange rates		(15)	(26)
Cash and cash equivalents at end of year	27	**2,927**	**6,897**

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

Selected notes to the Group financial statements

Year ended 31 March 2021

1 Significant accounting policies

General information

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 E4 8PX. The principal activity of the group is that of retailing clothes.

Basis of preparation

The Board of Directors approved this preliminary announcement on 28 September 2021. Whilst the financial information included in the preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("IAS") and the Companies (Jersey) Law 1991, this announcement does not itself contain sufficient information to comply with all the disclosure requirements of IAS and does not constitute statutory accounts within the meaning of Companies (Jersey) Law 1991 but is derived from the accounts of the Company for the years ended 31 March 2021 and 2020. The preliminary financial information is prepared applying the same accounting policies as those to be adopted t in the statutory accounts for the year ended 31 March 2021. The figures for the year ended 31 March 2021 are unaudited.

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

The audit of the statutory accounts for the year ended 31 March 2021 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in the preliminary announcement. The statutory accounts for the year ended 31 March 2021 will be filed with the Jersey Companies Registry in due course. The statutory accounts for the year ended 31 March 2020 have been filed with the Jersey Companies Registry. The auditor's report on those 2020 accounts was unqualified and did not contain a statement under 113B (3) or 113B (4) of the Companies (Jersey) Law 1991 but did include a matter to which the auditors drew attention by way of emphasis without qualifying their report relating to a material uncertainty over going concern. The accounting policies are consistent with those disclosed in the Groups audited financial statements for the year ended 31 March 2021.

Adoption of new and revised standards

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

Going concern

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

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

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

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

Borrowing facilities

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

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

Forecast scenarios

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

- Base case scenario assumes stores and concessions are open throughout the period under review. A sales recovery is assumed to levels 5-10% below those generated prior to COVID-19 on a like-for-like throughout the period under review for stores and concessions. Web sales are assumed to recover to previous levels by November 2020 and to achieve modest growth from April 2022. This reflects management's estimates for the speed and extent of the recovery across its different sales channels and markets.
- Downside scenario assumes reduced sales in the period from September 2020 to April 2021 to reflect reduced demand including assumed reductions in store and concessions sales of 25% on a like-for-like basis in November and December and 80% in January and February. Online sales are assumed to be 30% below their base case scenario.

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

The Base Case and Downside scenario forecasts indicate the Group will remain within its available borrowing facilities through the forthcoming 12-month period. Under the downside scenario the Group has more than £2.6 million available liquidity headroom through-out the period under consideration.

Going concern basis

Based on the assessment outlined above, the Directors have a reasonable expectation that the Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future, being a period of at least twelve months from the date when these financial statements are authorised to be issued. For these reasons, the Directors consider it appropriate for the Group to continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements

2 New accounting pronouncements

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

3 Revenue

An analysis of revenue by geographical destination is as follows:

	2021 £000	2020 £000
Online	21,621	37,485
International	7,592	21,789
UK stores and concessions	10,491	58,746
	39,703	118,020

	2021 £000	2020 £000
United Kingdom	31,565	95,288
Rest of the world	8,138	22,732
	39,703	118,020

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

4 Administrative costs

Administrative costs comprise:

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

Impairment of Right to Use assets

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

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

Impairment of store assets

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

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

Write-down of inventory

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

Impairment of goodwill

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

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

Write-off of debt

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

5 Government grants

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

6 Employee benefit expenses

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

	2021 £000	2020 £000
Wages and salaries	15,382	20,148
Social security costs	969	1,478
Other pension costs	299	338
Agency costs	939	3,211
Share-based payment charges	89	31
	17,678	25,206

	No.	No.
Retail	998	1,456
Distribution	46	66
Administration	206	214
	1,249	1,736

Included above is £624,000 in respect of Directors' remuneration (FY 2020: £675,000).

7 Operating loss

Operating loss is stated after charging/crediting:

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

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

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

8 Gain arising from disposal of subsidiary undertaking

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

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

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

9 Gain on bargain purchase arising on acquisition

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

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

The acquired business contributed revenues of £5,975,000 and profit after tax of £1,117,000 to the Group for the period from 10 June 2020 to 31 March 2021. The activities of the acquired business in the period from 1 April to 10 June 2020 are reflected in the consolidated financial statements contributing no revenues and a loss after tax of £2,983,000. The results of the combined entity for the full financial year are therefore revenues of £5,975,000 and loss after tax of £1,866,000 and these are fully reflected in the consolidated financial statements.

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

Details of the acquisition are as follows:

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

The fair value of the property, plant and equipment and intangible assets represents the net book value of these assets as previously recognised by Kast retail Limited (in Administration). The directors consider this to be an appropriate valuation on the basis that the business is being carried on as a going concern and is expected to generate a positive financial contribution going forward. The costs of the acquisition recognised as an expense as part of administration costs amounted to £194,000.

10 Finance income and expense

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

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

11 Income tax

	2021 £000	2020 £000
UK corporation tax – current year	-	70
UK corporation tax – prior year	(170)	(95)
Foreign tax	(9)	(23)
Deferred tax – current year	(200)	(374)
Deferred tax – effect of adjustment in tax rate	-	(53)
Deferred tax – prior year	193	57
Tax on profit/(loss)	(186)	(418)
Reconciliation of effective tax rate		
Profit/(loss) on ordinary activities before taxation	6,027	(29,445)
Profit/(loss) on ordinary activities multiplied by standard rate of UK corporation tax of 19%	1,145	(5,595)
Expenses not deductible for tax purposes	(2,862)	1,135
Non recognition of potential of deferred tax asset	1,494	3,940
Excess of depreciation over capital allowances	-	53
Adjustments to previous years	23	(38)
Foreign tax adjustments	14	88
	(186)	(418)

12 Earnings per share

Number of shares:	2021 No.	2020 No.
Weighted number of ordinary shares outstanding – basic and diluted	124,230,905	124,230,905

Earnings:	£000	£000
Profit/(loss)	6,212	(29,027)
Loss adjusted	(9,368)	(2,690)

Earnings per share:	Pence	Pence
Basic earnings per share	5.00	(23.37)
Adjusted earnings per share	(7.54)	(2.17)

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

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

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

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

13 Dividends

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

14 Property, plant and equipment

	Leasehold property £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2020	1,627	146	2,031	24,081	27,885
Additions	22	13	37	29	101
Disposals	(1,165)	(55)	(503)	(9,059)	(10,782)
At 31 March 2021	484	104	1,565	15,051	17,204
Depreciation					
At 1 April 2020	1,357	101	1,061	18,096	20,615
Charge	93	21	231	1,808	2,153
Disposals	(1,165)	(55)	(503)	(9,059)	(10,782)
At 31 March 2021	285	67	789	10,845	11,986
Net book value					
At 31 March 2021	199	37	776	4,206	5,218
At 31 March 2020	270	45	970	5,985	7,270

15 Right to use assets and lease liabilities

	Property £000
Cost	
At 1 April 2020	32,218
Additions	4,153
Disposals	(32,218)
At 31 March 2021	4,153
Amortisation	
At 1 April 2020	29,226
Charge	1,447
Disposals	(29,501)
At 31 March 2021	1,172
Net book value	
At 31 March 2021	2,981
At 31 March 2020	2,992

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

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

The termination of leases arose further to Kast Retail Limited entering into administration during the year. Cash outflows in respect of leases during the year amounted to £1, 746,000 (FY 2020: £7,281,000).

Short-term operating leases

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

	2021 £000	2020 £000
Within one year	48	23

16 Intangibles

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

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

17 Inventories

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

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

18 Trade and other receivables

	2021 £000	2020 £000
Trade receivables – gross	2,265	3,079
Allowance for doubtful debts	(301)	(320)
Trade receivables – net	1,964	2,759
Other receivables	769	1,539
Prepayments and accrued income	857	2,810
Amounts owed by related parties	-	2
	3,590	7,110

The Directors consider that the fair value of trade and other receivables is not materially different from the carrying value.

19 Trade and other payables

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

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

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

20 Loans and borrowings

	2021 £000	2020 £000
Bank loans	1,406	-
Bank overdrafts	1.256	-
	2,662	-
Current	2,662	-
Non-current	-	-
	2,662	-

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

In addition, 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.

The bank overdrafts are other credit facilities, subject to review in September 2022 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.

21 Derivative financial instruments

	2021 £000	2020 £000
Foreign currency options	21	36

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

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

22 Deferred tax

The following is an analysis of the deferred tax assets:

	2021 £000	2020 £000
Accelerated capital allowances		
Balance brought forward	7	378
Credit to income statement	67	(370)
Effect of foreign exchange rates	-	(1)
Total deferred tax asset at end of year	74	7

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

23 Financial instruments

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

	2021 £000	2020 £000
Category of financial instruments		
Carrying value of financial assets:		
Cash and cash equivalents	2,723	6,897
Trade and other receivables	2,733	4,300
Total financial assets	6,906	11,197
Carrying value of financial liabilities:		
Trade and other payables	(6,640)	(10,013)
Bank and other borrowings	(2,662)	-
Derivative financial instruments	(21)	(36)
Lease liabilities	(2,965)	(16,338)
Total financial liabilities	(12,288)	(26,387)

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

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

24 Share capital and reserves

	2021 £000	2020 £000
Share capital – allotted, called up and fully paid		
124,230,905 ordinary shares of 0.3 pence each (31 March 2020: 124,230,905)	373	373
Share premium	10,315	10,315

Share capital

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

Share premium

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the Company. 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 a share premium of £10,315,248 (net of expenses).

Merger reserve

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

Retained earnings

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

25 Share-based payments

The movement in awards during the year was:

	CSOP	Warrants	Total
Opening balance	1,725,771	186,335	1,912,106
Lapsed during the year	(195,674)	—	(195,674)
Closing balance	1,530,097	186,335	1,716,432

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

The inputs to the model were as follows:

	CSOP	Warrant
Grant date	31/7/19	28/7/17
Weighted average share price	15.75	80.50
No. of employees	72	1
Shares under option	1,530,097	186,335
Vesting period (years)	3	—
Expected volatility	88.5%	31.4%
Risk-free rate	0.5%	0.5%
Possibility of ceasing employment before vesting	4	2
Expectations of meeting performance criteria	100%	100%
Expected dividend yield	2.0%	2.0%

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

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.

Warrants

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

26 Change in liabilities arising from financing activities

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

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

27 Cash and cash equivalents

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

28 Financial commitments

Capital commitments

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