Part B: Historical Financial Information

COMBINED AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME

For the periods 31 March 2019, 5 April 2020, 4 April 2021

	Notes	*2019* £	*2020* £	*2021* £
Revenue	5	22,008,969	28,052,760	34,168,688
Cost of sales		(7,908,655)	(9,625,414)	(11,655,878)
Gross profit		**14,100,314**	**18,427,346**	**22,512,810**
Distribution costs		(2,092,355)	(3,360,025)	(5,023,244)
Administrative expenses		(11,066,699)	(12,906,087)	(14,504,459)
Other operating income	10	–	10,122	315,647
Adjusted operating profit[1]	10	**941,260**	**2,171,356**	**3,300,754**
Exceptional items	9	507,793	(454,639)	(3,111,546)
Operating profit	10	**1,449,053**	**1,716,717**	**189,208**
Finance costs	8	(826,907)	(390,273)	(1,661,538)
Profit/(loss) before taxation		**622,146**	**1,326,444**	**(1,472,330)**
Taxation	11	(303,661)	(483,656)	(474,021)
Profit/(loss) for the period		**318,485**	**842,788**	**(1,946,351)**
Other comprehensive income:				
Items that will or may be reclassified to profit or loss				
Exchange gains arising on translation of foreign operations		40,600	9,894	12,036
Total comprehensive income/(loss)		**359,085**	**852,682**	**(1,934,315)**
Loss per share	**12**			
Basic LPS		–	–	£(1.98)
Diluted LPS		–	–	£(1.98)

All activities relate to continuing operations. All the profit/loss for the period is attributable to the equity holders of the Parent.

The accompanying notes are an integral part of the historical financial information.

*1 Adjusted Operating Profit is before exceptional items.

COMBINED AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019, 5 April 2020, 4 April 2021

	Notes	2019 £	2020 £	2021 £
ASSETS				
Non-current assets				
Goodwill	13	5,693,822	5,693,822	13,769,598
Other intangible assets	13	11,435,247	10,640,094	41,390,058
Right of use assets	15	6,767,590	4,806,778	3,519,916
Other tangible assets	14	460,370	302,732	223,504
Total non-current assets		**24,357,029**	**21,443,426**	**58,903,076**
Current assets				
Inventories	17	4,368,003	6,014,727	7,510,108
Trade and other receivables	18	1,492,945	926,570	1,189,441
Cash and cash equivalents		3,281,589	5,248,043	3,168,542
Total current assets		**9,142,537**	**12,189,340**	**11,868,091**
Total assets		**33,499,566**	**33,632,766**	**70,771,167**
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	19	(2,163,012)	(4,290,994)	(7,149,914)
Lease liabilities	20	(1,183,668)	(716,183)	(915,912)
Loans and borrowings	21	–	(1,600,000)	(2,619,049)
Total current liabilities		**(3,346,680)**	**(6,607,177)**	**(10,684,875)**
Non-current liabilities				
Provisions	23	(61,115)	(82,701)	(102,708)
Lease liabilities	20	(6,927,889)	(6,211,706)	(5,129,503)
Loans and borrowings	21	(6,246,493)	(3,100,000)	(10,075,000)
Deferred tax liabilities	24	(1,955,393)	(1,816,504)	(7,847,115)
Investor loan notes	21	–	–	(42,018,808)
Total non-current liabilities		**(15,190,890)**	**(11,210,911)**	**(65,173,134)**
Total liabilities		**(18,537,570)**	**(17,818,088)**	**(75,858,009)**
Net assets/(liabilities)		**14,961,996**	**15,814,678**	**(5,086,842)**
Equity				
Share capital	26	–	–	97,500
Share premium	26	–	–	877,500
Retained earnings	27	–	–	(6,061,842)
Invested capital	27	14,961,996	15,814,678	–
Total equity		**14,961,996**	**15,814,678**	**(5,086,842)**

COMBINED AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £	*Share Premium* £	*Retained Earnings* £	*Invested Capital* £	*Total* £
Balance at 1 April 2018	**–**	**–**	**–**	**14,602,911**	**14,602,911**
Profit for the financial period for the group	–	–	–	318,485	318,485
Exchange differences on retranslation of subsidiary undertakings	–	–	–	40,600	40,600
Total comprehensive income for the year	–	–	–	359,085	359,085
Balance at 31 March 2019	**–**	**–**	**–**	**14,961,996**	**14,961,996**
Profit for the financial period for the group	–	–	–	842,788	842,788
Exchange differences on retranslation of subsidiary undertakings	–	–	–	9,894	9,894
Total comprehensive income for the year	–	–	–	852,682	852,682
Balance at 5 April 2020	**–**	**–**	**–**	**15,814,678**	**15,814,678**
Profit for the period to 28 December 20 for Stork Topco Limited	–	–	–	4,127,527	4,127,527
Loss for the period to 4 April 21 for Kensington Topco Limited	–	–	(6,073,878)	–	(6,073,878)
Exchange differences on retranslation of subsidiary undertakings	–	–	12,036	–	12,036
Total comprehensive loss for the year	–	–	(6,061,842)	4,127,527	(1,898,315)
Arising on acquisition of Stork TopCo Limited	–	–	–	(19,942,205)	(19,942,205)
Shares issued	97,500	877,500	–	–	975,000
Balance at 4 April 2021	**97,500**	**877,500**	**(6,061,842)**	**–**	**(5,086,842)**

COMBINED AND CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2019 £	2020 £	2021 £
Cash flows from Operating Activities				
Profit/(loss) for the period		318,485	842,788	(1,946,351)
Adjustments for:				
Depreciation and amortisation of fixed assets		2,794,245	2,770,396	3,423,507
Loss on disposal of fixed assets		2,855	–	–
Impairment of right-of-use assets		694,722	915,880	188,537
Corporation tax		303,661	483,656	474,021
Interest payable		826,907	390,273	1,573,185
Decrease in trade and other receivables		134,545	566,375	103,087
Increase in inventories		(389,418)	(1,646,724)	(1,495,381)
(Decrease)/increase in trade and other payables		(758,484)	2,177,659	1,496,552
Tax paid		(291,526)	(650,000)	(770,778)
Net cash generated from operating activities		**3,635,992**	**5,850,303**	**3,046,379**
Cash flows from investing activities				
Purchase of intangible fixed assets		(247,982)	(742,967)	(397,634)
Purchase of property, plant and equipment		(191,568)	(28,274)	(58,377)
Proceeds from disposal of fixed assets		37,281	–	–
Acquisition of subsidiary		–	–	(53,123,873)
Net cash used in investing activities		**(402,269)**	**(771,241)**	**(53,579,884)**
Cash flows from financing activities				
Repayment of loans and borrowings		–	(5,550,000)	(4,700,000)
Loans drawn down		–	5,000,000	12,694,049
Interest paid on loans and borrowings		(3,370)	(1,155,852)	(111,324)
Fees paid on loans and borrowings				(381,000)
Net loan notes issued		–	–	40,889,901
Share issue		–	–	970,000
Payment of lease liabilities		(1,062,730)	(1,183,668)	(716,183)
Interest on lease liabilities		(258,551)	(230,914)	(205,088)
Net cash (used in)/ generated from financing activities		**(1,324,651)**	**(3,120,434)**	**48,440,355**
Net increase/(decrease) in cash and cash equivalents		**1,909,072**	**1,958,628**	**(2,093,150)**
Cash and cash equivalents at beginning of year		1,327,501	3,281,589	5,248,043
Exchange gains arising on translation of foreign bank accounts		45,016	7,826	13,649
Cash and cash equivalents at end of year		**3,281,589**	**5,248,043**	**3,168,542**

NOTES TO THE FINANCIAL STATEMENTS

1. Background Information

Kensington Topco Limited is a private company limited by shares domiciled and incorporated in Guernsey. The address of the Company's registered office and principal place of business is Ground Floor, Cambridge House, Le Truchot, St Peter Port, Guernsey, GY1 1WD. The Group's principal activities are the wholesale and retail sale of women's maternity wear through Seraphine's own digital platform, digital partnerships and stores. The list of subsidiaries within the Group structure is provided in note 8.

2. Basis of Preparation

2.1 Basis of Preparation

The combined and consolidated Historical Financial Information for the years from 2 April 2018 to 4 April 2021, 5 April 2020 and 31 March 2019, have been prepared specifically for the purposes of this document and in accordance with the Prospectus Regulation Rules, the Listing Rules and in accordance with this basis of preparation.

The Historical Financial Information is presented in pounds sterling.

The basis of preparation describes how the financial information has been prepared in accordance with International Accounting Standards as adopted by the United Kingdom ("**IFRS**"), except as described below. The Historical Financial Information does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

IFRS does not provide for the preparation of combined financial information and accordingly, in preparing the Historical Financial Information, certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Standards for Investment Reporting applicable to public reporting engagements on historical financial information) issued by the Financial Reporting Council in the United Kingdom have been applied.

The Company was incorporated on 21 December 2020 and is ultimately controlled by Mayfair Equity Partners LLP, a private equity house. On 29 December 2020 the Company acquired the entire share capital of Stork Topco Limited for a total consideration of £54,331,673 (excluding expenses of acquisition). This transaction represented the exit of the previous private equity house and resulted in a change of control, with the new ultimate controlling party being a fund advised by Mayfair Equity Partners LLP. The acquisition method of accounting was used to account for this transaction.

This transaction changed the ultimate parent entity of the group from Stork Topco Limited to the Company and the following new intermediate holdings companies were introduced:

Kensington Midco Limited
Kensington Bidco Limited

The Historical Financial Information has therefore been prepared on combined basis for the periods until 28 December 2020 and on a consolidated basis for the periods from 29 December 2020 to 4 April 2021.

The combined Historical Financial Information has been prepared on a basis that combines the results and assets and liabilities of each of the entities that constitutes the Group, derived from the accounting records of those entities, by applying the principles underlying the consolidation procedures of IFRS 10.

Loss per share, as required by IAS 33 "Earnings per share" has only been disclosed for the period from 21 December 2020 to 4 April 2021, given that the Historical Financial Information has not been prepared on a consolidated basis throughout the periods presented.

The Historical Financial Information has therefore been prepared as follows:

Years ended 31 March 2019 and 5 April 2020

The Company did not exist during this accounting period. However, in order to present the most meaningful figures for this period, the amounts recognised are those of Stork Topco Limited, albeit that the entity was not under the control of the Company during this time. Accordingly, no share capital and individual reserves have been shown and the aggregate equity attributable to Stork Topco Limited has been disclosed as Invested Capital.

Year ended 4 April 2021

The Historical Financial Information for this year has been prepared by:

- Recognising the results of the previous group headed by Stork Topco Limited from 6 April 2020 to 28 December 2020 on the basis described above;
- Removing the Invested Capital when recognising goodwill, fair value and other adjustments arising on the acquisition of Stork Topco Limited; and
- Including the results of the Stork Topco Limited sub-group from 29 December 2020 and the results of Kensington Topco Limited from incorporation.

2.2 **New standards adopted in the period**

The Group has adopted all relevant amendments to existing standards and interpretations issued by the IASB that are effective from 1 April 2018 with no material impact on its combined and consolidated results or financial position (except as described below with regards to IFRS 16).

IFRS 16 – Leases

IFRS 16 “Leases” has a material impact on the combined and consolidated historical financial information. The Group has adopted IFRS 16 with effect from 1 April 2018 and uses the full retrospective approach to transition utilising certain practical expedients outlined in the standard, notably the exclusion of low value and short-term leases (less than 12 months). Data has been collated on all the Group’s leases for which IFRS 16 is applicable. The leases consist of stores and head office properties. See note 3.10 below for more detail.

2.3 **New standards, interpretations and amendments not yet effective**

The Company has assessed the impact of the following accounting standards and amendments which are not yet effective and they are not expected to have a material impact on the Group’s Historical Financial Information:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in the current Accounting Estimates and Errors (Amendment – Definition of Material);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or future reporting year. Non-Current);
- IFRS 3 Business Combinations (Amendment – Definition of Business);
- Conceptual Framework for Financial Reporting (Amendments to IFRS 3);
- Revised Conceptual Framework for Financial Reporting;
- IBOR Reform and its Effects on Financial Reporting – Phase 1 & 2;
- Annual Improvements to IFRS: 2018-2020 Cycle;
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of
- Fulfilling a Contract);

- IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use); and
- IFRS 17 Insurance Contracts.

3. Accounting Policies

3.1 Going Concern

The going concern assessment considers whether it is appropriate to prepare the historical information on a going concern basis. The going concern basis is dependent on the Group maintaining adequate levels of resources to continue to operate during the Forecast Period.

The Directors have considered Kensington Topco Limited and its subsidiary undertakings' (together "the **Group**") cash flows for period to June 2022 along with the current trading and forecast liquidity. The Directors have also considered the net liability position of £5,086,842 and the loss for the period to 4 April 2021 of £1,946,351. The Directors have prepared their detailed forecasts and plans taking into account their experience of trading in the period to 4 April 2021, including the impact of COVID-19 on profitability and cash flows.

The Group has, at the date of approval of this Historical Financial Information, sufficient existing financing available for its estimated requirements for at least the next 12 months. There is also third party/external debt of £12,200,000 with HSBC as well as the IFRS 16 liability.

Sensitivities have been run on the 3 sales channels: own digital platform, digital partnerships and stores, including stress testing the forecasts. In all sensitivities, the Group continues to have satisfactory liquidity throughout the forecast period.

The above, together with the ability to generate cash from trading activities provides the Directors with the confidence that the Group is well placed to manage its business risks successfully in the context of current financial conditions and the general outlook in the global economy. The Directors believe, after careful consideration of forecasted cash flows and expected trading performance that the Group will have sufficient cash to meets its liabilities as they fall due. The Directors have therefore concluded that it is appropriate to adopt the going concern basis for the preparation of these historical financial information.

3.2 Foreign Currency

The consolidated financial statements are presented in Pounds Sterling, which is the company's functional and presentational currency. The Group includes foreign entities whose functional currencies are not Sterling. On consolidation, the assets and liabilities of those entities are translated at the exchange rates at the Balance Sheet date and income and expenses are translated at the weighted average rates during the period. Translation differences are recognised in Other Comprehensive Income.

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end exchange rates. Exchange differences on monetary items are recognised in the Statement of Total Comprehensive Income.

When gains or losses are recognised on non-monetary items recognised in other comprehensive income, the related translation gain or loss is also recognised in other comprehensive income.

3.3 Revenue

The Group obtains revenue from contracts with customers relating to sales of goods through its own digital platform, digital partnerships and stores. Revenue represents the fair value of amounts receivable for the sale of maternity clothing, and is stated net of discounts, value added taxes and returns.

For all revenue streams, the primary performance obligation is the transfer of goods to the customer.

For own digital platform revenue, control is considered to transfer when the goods are delivered to the customer. For digital partnerships revenue, control is considered to transfer when the goods are delivered to the wholesaler. For store revenue, control is considered to transfer when the customer takes possession of the goods in store and pays for the goods.

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates.

3.4 Finance Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

3.5 Employee and Retirement Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The costs of the defined contribution pension schemes are charged to profit or loss in the year they are payable. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments.

3.6 Goodwill

Goodwill arises on the acquisition of subsidiaries and is the excess of the cost of the acquisition together with the value of any non-controlling interest, over the fair value of the identifiable net assets acquired. Goodwill on acquisition is recorded as an intangible asset, recognised at cost. Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

No impairment of goodwill has been recognised in the period (2020:£nil, 2019: £nil). Refer to note 3.9 for detail on the impairment assessment.

3.7 Other Intangible Assets

The cost of acquiring other intangible assets, such as brand names, is capitalised at purchase price and amortised by equal annual instalments over the period in which benefits are expected to accrue, typically ten years.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.8 Property, Plant and Equipment

Tangible fixed assets are stated at cost less accumulated depreciation and impairment.

Depreciation is calculated to write off the cost or deemed cost, less residual value, of the assets in equal annual instalments over their estimated useful lives at the following rates:

Long life leasehold improvements	Over the unexpired term of the lease
Short life leasehold improvement	10 years
Office fixtures and fittings	5 years

Profits and losses on the disposal represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted for then the relevant transaction becomes unconditional.

3.9 Impairment of Fixed Assets

All fixed assets are reviewed at each year end for indicators of impairment. Assets that have an indefinite useful life are not subject to amortisation and are reviewed annually for impairment. If any impairment arises, an impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. It has been determined that there is one operating segment and cash generating unit in the Group.

3.10 Leases

The Group adopted IFRS 16 Leases, for the period commencing 2nd April 2018. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It replaces IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. The Group leases a number of properties in the UK, U.S. and France.

A contract, or a portion of a contract, is accounted as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Group obtains substantially all the economic benefits from use of the asset; and
- The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset. In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRS rather than IFRS 16.

Under the full retrospective approach, lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group’s incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

The Group has also taken advantage of the practical expedient available under the amendment to IFRS 16. As such the Group assessed if rent concessions that occurred as a direct consequence of the COVID-19 pandemic meet the following conditions:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease.

Where these conditions were met the change in the lease payments were not accounted for as a lease modification. The amount of qualifying rent concessions recorded in the income statement amounted to £503,999.

The incremental borrowing rates used in the calculation of the lease liabilities are between 2.3 per cent. and 3.9 per cent.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

Right-of-use assets are included in the review for impairment of property, plant and equipment and intangible assets with finite economic lives, if there is an indication that the carrying amount of the cash generating unit may not be recoverable.

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.11 Provisions

Provisions are recognised when either a legal or constructive obligation as a result of a past event exists at the Balance Sheet date, it is probable that an outflow of economic resources will be required to settle the obligation, and a reasonable estimate can be made of the amount of the obligation.

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease, as the amount is not a contractually agreed amount and relates to general wear and tear and restoring the fit out to its former condition if required.

3.12 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises of all costs of purchase, cost of conversion, design costs and other costs incurred in bringing the inventories to their present location and condition. At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

The cost of inventories is determined using a first-in-first-out (FIFO) method, taking account of the fashion seasons for which the inventory was offered.

3.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax charge. Taxation is charged or credited to the Income Statement unless it relates to items recognised in other comprehensive income or directly in equity. Deferred tax is accounted for using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

3.14 Financial Instruments

Recognition, initial measurement and derecognition

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial instruments are initially recognised at fair value plus directly attributable transaction costs on the Balance Sheet when the entity becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flow expire or substantially all risks and rewards of the asset are transferred. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group’s cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL on trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All income and expenses relating to financial assets that are recognised in the Consolidated Statement of Comprehensive Income are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administrative expenses.

Classification and subsequent measurement of financial liabilities

The Group’s financial liabilities include trade and other payables, accruals and contract liabilities, loans and borrowings and derivative financial instruments.

Subsequent to initial recognition, all financial liabilities are stated at amortised cost using the effective interest rate method.

The fair value of the Group’s financial assets and liabilities held at amortised cost mostly approximate their carrying amount due to the short maturity of these instruments. Where the fair value of any financial asset or liability held at amortised cost is materially different to the book value, the fair value is disclosed.

3.15 **Business Combinations**

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Contingent payments are remeasured at fair value through the Income Statement. All transaction costs are expensed to the Income Statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interests in subsidiaries are identified separately from the Group's equity, and are initially measured either at fair value or at a value equal to the non-controlling interests' share of the identifiable net assets acquired. The choice of the basis of measurement is an accounting policy choice for each individual business combination. The excess of the cost of acquisition together with the value of any non-controlling interest over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

3.16 **Exceptional Items**

Exceptional items are significant items of income or expense in revenue, profit from operations, net finance costs, taxation which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group's underlying financial performance because of their size, nature or incidence. In identifying and quantifying exceptional items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as adjusting. These items are separately disclosed in the segmental analyses or in the notes to the accounts as appropriate.

The Group believes that these items are useful to users of the Group Historical Financial Information in helping them to understand the underlying business performance and are used to derive the Group's principal non-GAAP measures of underlying EBITDA, which is before the impact of exceptional items and which are reconciled from profit from operations.

4. Critical Accounting Estimates and Judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

IFRS 16 – Leases

Incremental borrowing rates

In applying IFRS 16 and calculating the lease liability and right-of-use assets, estimates were made over the incremental borrowing rates used for each store.

Refer to note 3.10 for detail on the incremental borrowing rates used.

Lease terms

In calculating the lease liability, the lease term used corresponds to the duration of the contracts signed.

It is the Groups policy to use the full lease term (as opposed to the first exercisable break date) for all leases unless there is a specific intention to exit the property early.

Impairment of goodwill

Projected Cashflows

The estimated future cash flows used to assess the impairment of goodwill are based on management's assumptions. The five-year forecasts performed at each year-end represent the latest detailed forecasts by management at each reporting date, 2020, 2021 and 2022 year-end forecast has also been based on the COVID-19 containment measures in the markets the Group operate in. These forecasts including management assumptions and estimates for future performance. Details of the assumptions used in the impairment review of goodwill and other assets are explained in this note and note 3.

The carrying amounts of the goodwill can be seen in note 13. Sensitivity analysis on the key assumption of the value in use valuations have been undertaken. If the Group's forecast cashflows and terminal cashflows were to reduce by 88.1 per cent. in each reporting period, the Group's goodwill would not be impaired.

Discount Rates

The estimated future cash flows used to assess the impairment of goodwill are based on management's assumptions. A weighted average cost of capital of 8.0 per cent. has been assumed in assessing the value in use for the single cash generating unit. The discount rate would have to increase by 12,740 bps to result in an impairment of goodwill at 4 April 2021.

Impairment of right-of-use assets

The estimated future cash flows used to assess the impairment of right-of-use assets are based on management's assumptions. The five-year forecasts performed at each year-end represent the latest detailed forecasts by management at each reporting date the 2020, 2021 and 2022 year-end forecast has also been based on the COVID-19 containment measures in the markets the Group operate in. These forecasts including management assumptions and estimates for future performance.

The carrying amounts of the right-of-use assets can be seen in note 15. Sensitivity analysis on the key assumption of the value in use valuations have been undertaken.

Business combinations – valuation and asset lives of separately identifiable intangible assets

In determining the fair value of intangible assets arising in a business combination, management is required to make judgements regarding the timing and amount of future cash flows applicable to the intangible assets.

being acquired, discounted using an appropriate discount rate. Such judgements are based on current budgets and forecasts, extrapolated for an appropriate period taking into account growth rates and expected changes to selling prices and operating costs. The Directors estimate the appropriate discount rate using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the businesses being acquired. Further details regarding these assets are provided in note 28.

The useful life of the brand value, recognised at fair value on the date of acquisition of 29 December 2020, is deemed to be 10 years.

Returns Provisions

The provision for sales returns is estimated based on recent historical returns and management's best estimates and is allocated to the period in which the revenue is recorded. Actual returns could differ from these estimates. The historic difference between the provision estimates and the actual results, known at a later stage, has never been, nor is expected to be, material.

5. Revenue

The Directors have considered the requirement of IFRS 15 with regards to disaggregation of revenue by operating segment. IFRS 8 requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Board as it is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. It has been determined that there is one operating segment in the Group.

The Group's Revenue, all of which is derived from its principal activity, can be split in the sales channels below:

	2019	*2020*	*2021*
	£	£	£
Own digital platform	14,735,194	21,316,705	30,533,885
Digital partnerships	3,320,298	2,874,133	2,388,664
Stores	3,953,477	3,861,922	1,246,139
	22,008,969	28,052,760	34,168,688

The Group's Revenue, all of which is derived from its principal activity, is achieved in the geographical markets below:

	2019	*2020*	*2021*
	£	£	£
UK	7,359,597	7,527,487	8,919,248
Europe	6,876,628	9,969,271	13,722,824
North America	6,352,308	9,349,996	9,801,959
Rest of World	1,420,436	1,206,006	1,724,657
	22,008,969	28,052,760	34,168,688

6. Employee Benefit Expenses

	2019	*2020*	*2021*
	£	£	£
Wages and salaries	2,854,598	2,983,324	2,687,896
Social security costs	308,451	326,754	298,244
Pension costs	99,652	122,174	118,110
	3,262,701	3,432,252	3,104,250

The amount recognised in the Consolidated Statement of Comprehensive Income as an expense in relation to the group's defined contribution schemes is £118,110 (2020: £122,174; 2019: £99,652).

7. Director and Key Management Personnel Compensation

During the period the average number of Directors employed by the Kensington Topco Group was 3 (2020: 3, 2019: 3). At the beginning of the financial year three Directors were employed by Stork Topco Limited and one Director was appointed on 17 September 2020. On 30 December 2020 two Directors resigned from Stork Topco Limited and two Directors were re-employed by the parent company Kensington Bidco Limited. One new Director was appointed on 30 December 2020 to Kensington Bidco Limited.

The aggregate remuneration paid to the Directors during the period was £523,102 (2020: £357,006, 2019: £405,621). The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020: 2, 2019: 2).

Directors' emoluments disclosed above include the following amounts paid to the highest paid director:

	2019	*2020*	*2021*
	£	£	£
Remuneration for qualifying services	178,179	157,342	163,858
Pension costs	35,167	10,000	10,000
	213,346	167,342	173,858

The Directors and certain senior employees who have responsibility for planning, directing and controlling the activities of the Group are key management personnel. Total remuneration including social security costs in respect of these individuals is £834,431 (2020: £839,204, 2019: £841,841).

8. Finance Income and Expense

	2019 £	*2020* £	*2021* £
Finance Income			
Bank interest	4,138	–	–
Total Finance Income	4,138	–	–
Finance Expense			
Interest expense on loans and borrowings	572,494	159,359	1,368,096
Interest expense on lease liabilities	258,551	230,914	205,088
Release of arrangement fee for loan notes	–	–	88,354
Total Finance Expense	**831,045**	**390,273**	**1,661,538**

The value of interest on loans and borrowings which was paid in the period was £111,324 (FY20: £1,155,852, 2019: £3,370).

9. Exceptional Items

	2019 £	*2020* £	*2021* £
Design infringement legal expenses (net of income received)	541,199	(68,439)	(2,816)
Relocation of warehouse	–	(166,767)	–
Transaction costs	(33,406)	(219,433)	(605,341)
Company registration of Kensington Topco Limited	–	–	(9,415)
Transaction related costs in Kensington Topco Limited	–	–	(56,850)
Costs directly attributable to the acquisition of Stork TopCo Limited	–	–	(2,437,124)
	507,793	**(454,639)**	**(3,111,546)**

During the year the Group incurred net legal costs of £2,816 (2020: £68,439, 2019: Income net of expenses £541,199) with respect to a potential third party design infringements, costs are stated net of income received from these claims.

During 2020 the Group relocated its warehouse with its exiting third-party logistics provider to a new facility in Belgium to mitigate against the United Kingdom leaving the European Union. The costs associated with this move were £166,767 (2019: £Nil). No such costs were incurred in 2021.

On 8 April 2019 the Group refinanced its £5,250,000 10 per cent. unsecured redeemable loan notes by obtaining from HSBC UK Bank PLC ("**HSBC**") a 5-year £4,000,000 Base Currency sterling loan facility, together with a £1,000,000 multicurrency revolving credit facility. The costs associated with this transaction were £207,609. Both facilities incurred interest at 2.5 per cent. + LIBOR.

During 2020 the Group incurred costs of £11,824 regarding a potential business acquisition.

On 5 June 2019 the entire share capital of Seraphine Limited was sold to Stork Acquisition Limited, a wholly owned subsidiary of Stork Topco Limited, the group incurred costs of £Nil (2020: £Nil, 2019: £33,406) associated with this transaction. During 2021, the Group incurred costs related to the acquisition of Stork TopCo Limited by Kensington Bidco Limited of £2,437,124.

10. Operating Profit

	2019	2020	2021
	£	£	£
The operating profit is stated after charging:			
Depreciation of tangible fixed assets	198,906	187,176	135,205
Loss on disposal of tangible fixed assets	2,855	–	–
Amortisation of website and business systems	159,088	206,874	272,698
Amortisation of brand value	1,331,415	1,331,415	2,083,569
Impairment of stock	29,663	9,589	16,238
Statutory auditor's remuneration	30,000	34,000	106,000
Fees payable to the Group's statutory auditors for other services	18,345	41,912	92,360
Government grants in respect of Job Retention Scheme and Lockdown support		(10,122)	(315,737)
Foreign exchange loss/(gain)	44,791	50,979	(31,982)
Right-of-use asset depreciation	1,104,836	1,044,931	932,035
Right-of-use asset impairment	694,722	915,880	188,537
Cost of stocks recognised as an expense in cost of sales	7,622,740	9,438,616	11,656,740

11. Taxation

	2019	2020	2021
	£	£	£
Current Tax Expense			
Current tax on UK profits for the year	495,364	598,335	821,920
Adjustment for (over)/under provision in prior periods	22,377	(5,495)	7,277
	517,741	592,840	829,197
Overseas tax	5,983	29,705	–
Total Current Tax	523,724	622,545	829,197
Deferred Tax Expense			
Origination and reversal of timing differences	(224,516)	(134,585)	(347,506)
Adjustments in respect of prior periods	4,453	(4,304)	(7,670)
Group Deferred tax	(220,063)	(138,889)	(355,176)
Total Current Tax	523,724	622,545	829,197
Total Deferred Tax	(220,063)	(138,889)	(355,176)
Total Tax Expense	303,661	483,656	474,021

	£	£	£
Profit/(loss) on ordinary activities before tax	622,146	1,326,444	(1,472,330)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	118,208	252,024	(279,742)
Expenses not deductible for tax purposes	3,638	2,296	5,612
Expenses not deductible for tax purposes in respect of the acquisition of Stork Topco Limited	–	–	63,053
Non-qualifying depreciation	10,327	6,542	1,389
Non-qualifying amortisation	116,216	116,211	178,938
Interest not deductible for tax purposes	65,492	1,469	134,493
Interest not deductible for tax purposes in respect of acquisition of Stork Topco Limited	–	–	16,787
Higher taxes on overseas earnings	10,007	31,442	8,967
Deferred taxation rate	26,630	26,629	19,971
Tax (over)/under provided in prior years	16,431	(12,494)	–
Other permanent differences	(63,288)	(59,537)	(75,447)
Total tax expense	303,661	483,656	(474,021)

For further information on deferred tax balances see note 24.

The March 2020 Budget announced that a rate of 19 per cent. would continue to apply with effect from 1 April 2020 and this was substantively enacted on 17 March 2020.

As the deferred tax assets and liabilities should be recognised based on the corporation tax rate at which they are anticipated to unwind, the assets and liabilities on UK operations have been largely recognised at a rate of 19 per cent. (2020:19 per cent., 2019:19 per cent.). Assets and liabilities arising on foreign operations have been recognised at the applicable overseas tax rates.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25 per cent. from April 2023. This rate has not been substantively enacted at the balance sheet date, as result UK deferred tax balances as at 30 January 2021 continue to be measured at 19 per cent. If all of the UK deferred tax was to reverse at the amended rate the impact to the closing deferred tax position would be to increase the deferred tax asset/liability by £2.5m.

12. Loss per Share

	2019	*2020*	*2021*
Loss per share	–	–	£(1.98)

	2019	*2020*	*2021*
	£	£	£
Loss for the period	–	–	(1,934,315)
Weighted number of shares in issue	–	–	975,010

There were no potentially dilutive shares, options or warrants in issue, hence fully diluted earnings per share are identical to basic earnings per share.

13. Intangible Fixed Assets

	Goodwill	*Brand Value*	*Trademarks*	*Website and Business Systems*	*Total*
	£	£	£	£	£
COST					
As at 2 April 2018	5,693,822	13,314,135	43,905	580,922	19,632,784
Additions	–	–	18,039	229,943	247,982
Disposals	–	–	–	(119,792)	(119,792)
Exchange differences	–	–	–	(258)	(258)
As at 1 April 2019	**5,693,822**	**13,314,135**	**61,944**	**690,815**	**19,760,716**
Additions	–	–	22,676	720,291	742,967
Disposals	–	–	–	(34,877)	(34,877)
Exchange differences	–	–	–	155	155
As at 5 April 2020	**5,693,822**	**13,314,135**	**84,620**	**1,376,384**	**20,468,961**
Additions	–	–	9,980	387,654	397,634
Disposals	–	–	–	–	–
Exchange differences	–	–	–	(1,354)	(1,354)
Extinguished on acquisition	(5,693,822)	–	–	–	(5,693,822)
Cost on acquisition	13,769,598	–	–	–	13,769,598
Fair value adjustment on acquisition	–	27,938,765	–	–	27,938,765
As at 4th April 2021	**13,769,598**	**41,252,900**	**94,600**	**1,762,684**	**56,879,782**
AMORTISATION AND IMPAIRMENT					
As at 2 April 2018	–	1,109,510	–	111,306	1,220,816
Amortisation for the period	–	1,331,415	–	159,088	1,490,503
Disposals	–	–	–	(79,656)	(79,656)
Exchange differences	–	–	–	(16)	(16)
As at 1 April 2019	–	**2,440,925**	**–**	**190,722**	**2,631,647**

	Goodwill	Brand Value	Trademarks	Website and Business Systems	Total
	£	£	£	£	£
Amortisation for the period	–	1,331,415	–	206,874	1,538,289
Disposals	–	–	–	(34,877)	(34,877)
Exchange differences	–	–	–	(14)	(14)
As at 5 April 2020	**–**	**3,772,340**	**–**	**362,705**	**4,135,045**
Amortisation for the period to 28 December 2020	–	998,561	–	272,698	1,271,259
Exchange differences	–	–	–	–	–
Disposals	–	–	–	(285)	(285)
Fair value adjustment on acquisition	–	(4,770,901)	–	–	(4,770,901)
Amortisation for the period from 29 December 2020	–	1,085,008	–	–	1,085,008
As at 4th April 2021	–	**1,085,008**	**–**	**635,118**	**1,720,126**
NET BOOK VALUE					
As at 4th April 2021	**13,769,598**	**40,167,892**	**94,600**	**1,127,566**	**55,159,656**
As at 5 April 2020	**5,693,822**	**9,541,795**	**84,620**	**1,013,679**	**16,333,916**
As at 31 March 2019	**5,693,822**	**10,873,210**	**61,944**	**500,093**	**17,129,069**

The amortisation charge for Brand Value and trademarks for the period are recognised within administrative expenses.

As at 4 April 2021, the Brand Value intangible asset, which relates to Seraphine, has a remaining amortisation period of 9 years 9 months. Goodwill of £13,769,598 relates to the acquisition of Stork Topco Limited.

The following is the intangibles that are fully depreciated and still in use at year end 2021: £351,503 (2020: £45,576; 2019: £34,877).

The average remaining amortisation period of the Website and Business systems is 4 years.

Impairment testing for cash-generating units containing goodwill

As goodwill is not amortised, the Group tests goodwill for impairment on an annual basis, or more frequently if there are indicators of impairment. The Group tests for impairment of goodwill and brand value at Group level as there is a single operating segment and a single CGU. The impairment assessment is performed by considering the recoverable amount of the cash-generating unit against carrying value.

The impairment testing of goodwill involved aggregating the carrying value of goodwill and brand value and comparing this to value in use calculations derived from the latest, Board approved Group cash flow projections.

The recoverable amount has been determined on a value in use basis. The key assumptions are those regarding the projected operating cashflows, the long-term growth rate and the discount rates applied.

Estimated future cash flows are determined by reference to the budget for the year following the reporting date and forecasts for the following 4 years, after which a long-term perpetuity growth rate is applied. The most recent financial budget approved by the Board of Directors has been prepared after considering the current economic environment in each of the Group's markets. These projections represent the Director's best estimate of the future performance of these businesses.

The pre-tax discount rate used in the value in use calculations represent the Group's assessment of the current market and other risks specific to the Group.

Long term growth rates are applied after the forecast period. These are based on external reports on long-term GDP growth rates for the market in which the Group operates.

The Group has undertaken a sensitivity analysis based on changes to key assumptions considered to be reasonably possible by management. These sensitivities of revenue growth rate and operating profit growth rate have been considered as to whether they are reasonably possible to either erode headroom or give risk of material adjustment to carrying values. Results for both goodwill and intangibles testing showed that there was no risk of impairment when applying these reasonably possible sensitivity scenarios.

The recoverable amount of the single cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a pre-tax discount rate of 8.0 per cent. per annum (2020: 8.0 per cent., 2019: 8.0 per cent.).

In each reportable period, the value in use model assumes an annual sales growth rate over the five-year forecast period of 5 per cent. and a cashflow growth of 2 to per cent. In each reportable period, reducing cashflow growth to zero per cent would not result in any impairment.

The Directors estimate that a change in the discount rate of 12,740 bps to a revised discount rate of 84.8 per cent. would reduce the headroom in the cash-generating unit at each reporting date, however, would not result in an impairment charge.

A terminal growth rate of 2 per cent. has been used to derive the terminal value in the value in use model.

Impairment assessment for other non-current assets

Trademarks

The carrying amount of trademarks is reviewed at each reporting date to determine whether there is any indication that they have suffered an impairment loss. No such indicators have been identified for the reporting period and therefore no impairment testing has been performed.

Brand value

The carrying amount of brand value are reviewed at each reporting date to determine whether there is any indication that they have suffered an impairment loss. No such indicators have been identified for the reporting period and therefore no impairment testing has been performed.

PPE

The carrying amount of PPE are reviewed at each reporting date to determine whether there is any indication that they have suffered an impairment loss. No such indicators have been identified for the reporting period and therefore no impairment testing has been performed.

14. Property, Plant and Equipment

	Leasehold Improvements £	*Fixtures and fittings* £	*Total* £
COST			
As at 2 April 2018	246,469	363,628	610,097
Additions	45,666	145,902	191,568
Disposals	–	(69,906)	(69,906)
Exchange differences	(2,395)	2,370	(25)
As at 1 April 2019	**289,740**	**441,994**	**731,734**
Additions	–	28,274	28,274
Disposals	–	(11,524)	(11,524)
Exchange differences	180	3,000	3,180
As at 5 April 2020	**289,920**	**461,744**	**751,664**
Additions	–	58,377	**58,377**
Disposals	–	–	–
Exchange differences	(1,501)	(15,677)	(17,178)
As at 4th April 2021	288,419	504,444	**792,863**

	Leasehold Improvements £	*Fixtures and fittings* £	*Total* £
DEPRECIATION			
As at 2 April 2018	35,285	102,607	137,892
Depreciation for the period	69,930	128,976	198,906
Disposals	–	(69,906)	(69,906)
Exchange differences	(110)	4,582	4,472
As at 1 April 2019	**105,105**	**166,259**	**271,364**
Depreciation for the period	65,740	121,436	187,176
Disposals	–	(11,524)	(11,524)
Exchange differences	(41)	1,957	1,916
As at 5 April 2020	**170,804**	**278,128**	**448,932**
Depreciation for the period	53,585	81,620	135,205
Disposals	–	–	–
Exchange differences	(2,275)	(12,503)	(14,778)
As at 4th April 2021	222,114	347,245	569,359
NET BOOK VALUE			
As at 4 April 2021	**66,305**	**157,199**	**223,504**
As at 5 April 2020	**119,116**	**183,616**	**302,732**
As at 1 April 2019	**184,635**	**275,735**	**460,370**

The following is the cost of property, plant and equipment that are fully depreciated and still in use at year end 2021: £584,840 (2020: £311,165; 2019: £122,953).

15. Right-of-Use Assets

Right-of-Use Assets

	Leasehold Property £
At 2 April 2018	8,567,147
Lease modifications	–
Impairment	(694,722)
Depreciation	(1,104,836)
At 1 April 2019	6,767,590
At 2 April 2019	6,767,590
Lease modifications	–
Impairment	(915,880)
Depreciation	(1,044,931)
At 5 April 2020	4,806,778
At 6 April 2020	4,806,778
Lease modifications	(166,291)
Impairment	(188,537)
Depreciation	(932,035)
At 4 April 2021	3,519,916

The impairment testing of right-of-use assets consisted of comparing the carrying value of the asset to the recoverable amount derived from the latest, Board approved Group cash flow projections. This has been performed on a lease-by-lease basis.

The recoverable amount has been determined on a value in use basis. The key assumptions are those regarding the projected operating cashflows, the long-term growth rate and the discount rates applied. A long-term growth rate of 2 per cent. has been applied for all leases.

Estimated future cash flows are determined by reference to the budget for the year following the reporting date and forecasts for the following 4 years, after which a long-term perpetuity growth rate is applied. The most recent financial budget approved by the Board of Directors has been prepared after considering the current economic environment in each of the Group's markets. These projections represent the Director's best estimate of the future performance of these businesses.

The pre-tax discount rate used in the value in use calculations represent the Group's assessment of the current market and other risks specific to the Group and is equal to the incremental borrowing rate for each store. A discount rate equal to the incremental borrowing rate, ranging between 2.3 per cent. and 3.9 per cent. for the portfolio of leases, has been used.

Long term growth rates are applied after the forecast period. These are based on external reports on long-term GDP growth rates for the market in which the Group operates.

The Group has undertaken a sensitivity analysis based on changes to key assumptions considered to be reasonably possible by management. These sensitivities of revenue growth rate and operating profit growth rate have been considered as to whether they are reasonably possible to either erode headroom or give risk of material adjustment to carrying values.

The above impairment assessment has resulted in an impairment being recognised in 2021 of £188,537 (2020: £915,880, 2019: £694,722).

16. Fixed Asset Investments

A list of significant investment in subsidiaries, all of which have been included in the historical financial information, are as follows:

Subsidiary	*Class of shares*	*Country of incorporation*	*Nature of business*	*% Holding at 1 April 2019*	*% Holding at 5 April 2020*	*% Holding at 4 April 2021*
Kensington Midco Limited	Ordinary	UK	Holding Company	–	–	100%
Kensington Bidco Limited	Ordinary	UK	Holding Company	–	–	100%
Stork Topco Limited	Ordinary	UK	Holding Company	–	–	100%
Stork Midco Limited	Ordinary	UK	Holding Company	–	–	100%
Stork Acquisition Limited	Ordinary	UK	Holding company	–	–	100%
Seraphine Limited	Ordinary	UK	Retail, E-Commerce and wholesale sales of maternity wear	–	–	100%
Seraphine Holdings Corp	Ordinary	USA	Holding Company	–	–	100%
Seraphine USA, Inc.	Ordinary	USA	E-Commerce and wholesale sales of maternity wear	–	–	100%
Seraphine Maternity LLC	Common stock	USA	Retail Sales of maternity wear	–	–	100%
Seraphine Concessions LLC	Common stock	USA	Retail Sales of maternity wear	–	–	100%
Seraphine (Europe) Limited	Ordinary	UK	Holding Company	–	–	100%
Seraphine France SARL	Ordinary	France	Retail Sales of maternity wear	–	–	100%
Shoetherapy Limited	Ordinary	UK	Dormant Company	–	–	100%
CR Fashion Limited	Ordinary	UK	Dormant Company	–	–	100%

Kensington Midco Limited is the only directly held subsidiary.

17. Inventories

	2019 £	*2020* £	*2021* £
Finished goods and goods held for resale	4,368,003	6,014,727	7,510,108

18. Trade and Other Receivables

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
Trade receivables	613,770	484,456	479,164
Provision for impairment of trade receivables	(9,364)	(3,287)	(3,309)
Trade receivables – Net	604,406	481,169	475,855
Other taxation and social security	303,626	–	–
Other receivables	237,767	194,364	539,312
Prepayments	347,146	251,037	174,274
Total Trade and Other Receivables	1,492,945	926,570	1,189,441

Included within Other Receivables are rent deposits of £135,779 (2020: £136,079, 2019: £134,417) which will be repaid in greater than one year.

Impairment of Financial Assets

The Group applies the IFRS 9 Simplified Approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Group's historical credit losses experienced over the 12 months prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

The Group has taken out an insurance policy in order to cover the year end trade receivables balance and to reduce credit risk. The policy covers customers on an individual basis with a credit limit applied based on the payment history of each customer. The policy is reviewed on a regular basis to ensure that material customers are covered and that the credit risk is sufficiently mitigated.

Movements in the impairment allowance for trade receivables were as follows:

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
Opening provision for the impairment of trade receivables	9,263	9,364	3,287
Movement in impairment in the year	101	(6,077)	22
Carried Forward	9,364	3,287	3,309

The carrying amount of trade and other receivables approximates to their fair value.

19. Trade and Other Payables

	Note	1 April 2019 £	5 April 2020 £	4 April 2021 £
Trade payables		1,067,702	2,418,781	3,075,969
Other taxation and social security		247,295	443,453	688,394
Other creditors		22,750	6,944	3,318
Accruals and deferred income		628,143	1,252,784	3,155,056
Corporation tax		197,122	169,032	227,177
		2,163,012	4,290,994	7,149,914

The table below shows the trade and other payables which are classified as financial liabilities and are measured at amortised cost which approximates fair value.

	1 April 2019 £	5 April 2020 £	4 April 2021 £
Trade payables	1,067,702	2,418,781	3,075,969
Other creditors	22,750	6,944	3,318
Accruals and deferred income	247,295	443,453	688,394
Total	1,337,747	2,869,179	3,767,681

20. Lease Liabilities

Lease Liabilities	*Leasehold Property* £
At 2 April 2018	9,174,287
Lease modifications	
Interest Expense	258,551
Lease Capital Payment	(1,062,730)
Lease Interest Payment	(258,551)
At 1 April 2019	8,111,557
At 2 April 2019	8,111,557
Lease modifications	
Interest Expense	230,914
Lease Capital Payment	(1,183,668)
Lease Interest Payment	(230,914)
At 5 April 2020	6,927,889
At 6 April 2020	6,927,889
Lease modifications	(166,291)
Interest Expense	205,088
Lease Capital Payment	(716,183)
Lease Interest Payment	(205,088)
At 4 April 2021	6,045,415

Rent Concessions

Due to Covid-19 and resulting government policies, stores were closed in the UK, U.S. and France for various periods during 2020 and 2021.

The Group has received rent concessions from lessors due to the Group being unable to open for significant periods of time. These concessions were in the form of rent reductions for various lengths of time.

As discussed in the Significant Accounting Policies (see 3.10), the Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria.

All rent concessions, other than those extending further than June 2022, satisfy the criteria to apply the practical expedient.

Maturity Analysis of lease liabilities

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
Less than one year	1,183,668	716,183	915,912
Between one and five years	3,847,356	4,197,001	3,777,138
Over five years	3,080,533	2,014,705	1,352,366
	8,111,557	6,927,889	6,045,415

21. Loan and Borrowings

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
Bank Loans	–	4,700,000	12,694,049
10% unredeemable loan notes	6,246,493	–	–
A Loan Notes	–	–	40,647,811
B Loan Notes	–	–	1,370,997
Loan Notes Total	–	–	42,018,808
Total Loans and borrowings	6,246,493	4,700,000	54,712,857

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
Within one year	–	1,600,000	2,619,049
Between one and five years	6,246,493	3,100,000	52,093,808
	6,246,493	4,700,000	54,712,857

1 April 2019 and 5 April 2020

The £5,250,000 10 per cent. unsecured redeemable loan notes ("**Loan Notes**") were repaid on 8 April 2019 together with accrued interest of £1,009,150. Interest is compounded at a fixed rate of 10 per cent. and interest of £Nil (2020: £12,657; 2019: £564,986) was charged in the year.

The facilities provided by the group's bankers HSBC is a 5-year £4,000,000 Base Currency sterling loan facility, together with a £1,000,000 multicurrency revolving credit facility. Interest is charged on both facilities at 2.5 per cent. + LIBOR. The facilities are secured by way of a composite cross guarantee given by all Kensington Topco Limited group companies. The loan was settled on 29 December 2020.

4 April 2021

The £41,586,171 fixed rate A Loan Notes 2026 was entered into on 30 December 2020 and is due for repayment on 30 December 2026. Interest is compounded each year at a fixed rate of 10per cent. and interest of £1,093,773 was compounded during the period. There are capitalised arrangement fees in relation to these loan notes of £2,120,486 which are released over the period of the notes.

The £1,335,862 Fixed Rate B Loan Notes 2026 was entered into on 30 December 2020 and is due for repayment on 30 December 2026. Interest is compounded each year at a fixed rate of 10 per cent. and interest of £35,135 was compounded during the period.

The bank loans consist of two £500,000 drawdowns under a revolving credit facility, an import loan facility of £494,049 and a bank loan of £11,200,000. The two £500,000 drawdowns under a revolving credit facility are due for repayment on 24 May 2021 and 30 June 2021 and carry a fixed rate of interest at 4.06013 per cent. and 4.031 per cent. respectively. These facilities are secured on the assets of the Company.

The £11,200,000 balance relates to a bank loan repayable in instalments commencing 30 September 2021 as follows and carries a fixed rate of interest at 4.0 per cent. plus LIBOR:

	£
Due within one year	1,125,000
Due 1-2 years	1,625,000
Due 2 – 5 years	8,450,000
	11,200,000

At the 4 April 2021 the rate for the period 29 December 2020 to 30 June 2021 is fixed at 4.031 per cent. The loans are secured on a fixed and floating charge over the assets of the Group.

At the 4 April 2021 the company has £494,049 of import loans outstanding repayable between 10 April 2021 and 28 May 2021. This import loan facility is a short-term cash advance that enables the Group to meet the payment requirements under a sight or usance letter of credit.

22. Financial Instruments

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Foreign currency risk, and
- Capital management.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings

The Group's financial instruments may be analysed as follows:

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
Trade and other receivables	841,552	675,533	1,015,167
Cash and cash equivalents	3,281,589	5,248,043	3,168,542
Financial Assets measured at amortised cost	**4,123,141**	**5,923,576**	**4,183,709**
Trade and other payables	(1,337,747)	(2,869,179)	(3,767,681)
Loans and borrowings	(6,246,493)	(4,700,000)	(54,712,857)
Financial Liabilities measured at amortised cost	**(7,584,240)**	**(7,569,147)**	**(58,480,538)**

Financial assets measured at amortised cost comprise trade receivables, other receivables and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and loans and borrowings.

The Group is exposed to a variety of financial risks through its use of financial instruments which result from its operating activities. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below:

Credit Risk

The Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

	1 April 2019	*5 April 2020*	*4 April 2021*
	£	£	£
Financial Assets measured at amortised cost	4,123,141	5,923,576	4,183,709

The Group's exposure to credit risk arises from cash and cash equivalents, as well as outstanding receivables (note 18).

The Group's cash and cash equivalents are all held on deposit with leading international banks and hence the Directors consider the credit risk associated with such balances to be low.

The Group provides credit to customers in the normal course of business. The amounts presented in the Statement of Financial Position in relation to the Group's trade receivables are presented net of loss allowances. The Group measures loss allowances at an amount equal to the lifetime expected credit losses (ECL's) using both qualitative and quantitative information and analysis based on the Group's historical experience and forward-looking information.

Liquidity Risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for growth. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its cash and borrowing requirements through preparation of annual cash flow forecasts reflecting known commitments and anticipated projects in order to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the Group. Borrowing facilities are arranged as necessary to finance requirements.

The follow table shows the maturities of gross undiscounted cash flows of financial liabilities:

Contractual maturities of financial liabilities as at 1 April 2019 are as follows:

	Carrying amount	*Contractual Cashflows*	*< 1 Year*	*1 - 5 Years*	*5 Years and over*
	£	£	£	£	£
Trade and other payables	(1,337,747)	(1,337,747)	(1,337,747)	–	–
Loans and borrowings	(6,246,493)	(6,246,493)	–	–	(6,246,493)
Total	(7,584,240)	(7,584,240)	(1,337,747)	–	(6,246,493)

Contractual maturities of financial liabilities as at 5 April 2020 are as follows:

	Carrying amount	*Contractual Cashflows*	*< 1 Year*	*1 - 5 Years*	*5 Years and over*
	£	£	£	£	£
Trade and other payables	(2,869,178)	(2,869,178)	(2,869,178)	–	–
Loans and borrowings	(4,700,000)	(4,700,000)	(1,600,000)	(3,100,000)	–
Total	(7,569,147)	(7,569,147)	(4,469,178)	(3,100,000)	–

Contractual maturities of financial liabilities as at 4 April 2021 are as follows:

	Carrying amount £	*Contractual Cashflows* £	*< 1 Year* £	*1 - 5 Years* £	*5 Years and over* £
Trade and other payables	(3,767,681)	(3,767,681)	(3,767,681)	–	–
Loans and borrowings	(54,712,857)	(54,712,857)	(2,619,049)	(52,093,808)	–
Total	(58,480,538)	(58,480,538)	(6,386,730)	(52,093,808)	–

Foreign Currency Risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. A proportion of the group's purchases and sales are denominated in U.S. Dollars and Euros. The Group's policy is to hedge a portion of foreign exchange risk associated with forecast overseas transactions, and transactions and monetary items denominated in foreign currencies. The Group monitors exchange rate movements closely and ensure adequate funds are maintained in appropriate currencies to meet known liabilities.

A proportion of the group's purchases which are settled in U.S. Dollars are completed using Letter of Credit facilities from the Company's bank. In the period $$2,486,115 (2020: $2,851,991; 2019: $1,763,125) were utilised. At the balance sheet date, the company had $580,547 commitments in respect of these contractual facilities (2020: $188,677; 2019: $179,148).

The Group exposure to foreign currency risk at the end of the respective reporting period was as follows:

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
USD	629,647	373,056	860,816
EUR	584,698	608,375	(623,589)
AUD	–	68,971	138,394
JPY	979	937	937
Total	**1,215,324**	**1,051,339**	**376,558**

Liabilities include the monetary assets and liabilities of subsidiaries denominated in foreign currency.

The Group is exposed to foreign currency risk on the relationship between the functional currencies of Group companies and the other currencies in which the Group's material assets and liabilities are denominated. The table below summaries the effect on reserves had the functional currencies of the Group weakened or strengthened against these other currencies, with all other variables held constant.

10% strengthening of functional currency

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
USD	572,407	339,142	782,560
EUR	531,544	553,069	(566,899)
AUD	–	62,701	125,813
JPY	890	851	851
Total	**1,104,840**	**955,763**	**342,325**

10% weakening of functional currency

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
USD	699,608	414,506	956,462
EUR	649,665	675,973	(692,877)
AUD	–	76,635	153,771
JPY	1,088	1,041	1,041
Total	**1,350,360**	**1,168,154**	**418,397**

The impact of a change of 10% has been selected as this has been considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movements.

Fair value of financial instruments

The fair values of all financial assets and liabilities approximates their carrying value.

Capital Management

The Group's objectives when maintaining capital are:

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

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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.

23. Provisions for Liabilities

	Leasehold dilapidations £
As at 2 April 2018	42,676
Charge to the profit and loss account	18,439
As at 1 April 2019	61,115
Charged to the profit and loss account	21,586
As at 5 April 2020	82,701
Charged to the profit and loss account	20,007
As at 4th April 2021	102,708

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease as a result of general 'wear and tear'. The cost is recognised as an expense in the Consolidated Statement of Comprehensive Income and is recognised as it is incurred. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

24. Deferred Tax

Analysis of deferred tax:

	Fixed Asset Differences £	*Arising on Business Combination* £	*Total* £
Balance at 1 April 2018	100,681	2,074,775	2,175,456
Adjustment in respect of prior years	(253)	–	(253)
Utilised through profit or loss	6,529	(226,339)	(219,810)
Balance at 1 April 2019	106,957	1,848,436	1,955,393
Adjustment in respect of prior years	(4,304)	–	(4,304)
Utilised through profit or loss	91,759	(226,344)	(134,585)
Balance at 5 April 2020	194,412	1,622,092	1,816,504
Adjustment in respect of prior years	(7,670)	–	(7,670)
Extinguished on business acquisition	–	(1,452,334)	(1,452,334)
Acquisition of subsidiaries	–	7,838,051	7,838,051
Utilised through profit or loss	28,472	(375,978)	(347,506)
Balance at 4 April 2021	215,215	7,631,831	7,847,045

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
Amounts falling due within one year	273,342	274,410	850,452
Amounts falling due after more than one year	1,682,051	1,542,094	6,996,593
Total	1,955,393	1,816,504	7,847,045

25. Notes supporting the statement of cashflows

	2 April 2018	*Cashflows*	*Non-cash movement*	*1 April 2019*
Lease liabilities	9,174,287	(1,321,281)	258,551	8,111,557
Long-term borrowings	5,681,507	(3,370)	568,356	6,246,493
Short-term borrowings	–	–	–	–
Total liabilities from financing activities	**14,855,794**	**(1,324,651)**	**826,907**	**14,358,050**

	1 April 2019	*Cashflows*	*Non-cash movement*	*5 April 2020*
Lease liabilities	8,111,557	(1,414,582)	230,914	6,927,889
Long-term borrowings	6,246,493	(3,305,852)	159,359	3,100,000
Short-term borrowings	–	1,600,000	–	1,600,000
Total liabilities from financing activities	**14,358,050**	**(3,120,434)**	**390,273**	**11,627,889**

	5 April 2020	*Cashflows*	*Non-cash movement*	*4 April 2021*
Lease liabilities	6,927,889	(921,271)	38,798	6,045,415
Long-term borrowings	3,100,000	6,482,676	492,324	10,075,000
Short-term borrowings	1,600,000	1,019,049	–	2,619,049
Loan notes	–	40,889,901	1,128,907	42,018,808
Total liabilities from financing activities	**11,627,889**	**47,470,355**	**1,660,029**	**60,758,273**

26. Share Capital

	1 April 2019 £	*5 April 2020* £	*4 April 2021* £
Allotted, called up and fully paid 823,546 A ordinary share capital of 10p each	–	–	82,355
Allotted, called up and fully paid 26,454 B ordinary share capital of 10p each	–	–	2,645
Allotted, called up and fully paid 125,000 C ordinary share capital of 10p each	–	–	12,500
Total Share Capital	–	–	97,500

As described in note 2, the historical financial information for 2019 and 2020 is that of Stork Topco Limited and therefore it is not meaningful to present share capital and reserves for this period. Consequently, for this period the aggregate equity attributable to equity holders of Stork Topco Limited has been disclosed as "Invested Capital" in the balance sheet.

During the year ended 4 April 2021, the following new ordinary shares were issued:

	Share Capital £	*Share Premium* £	*Total Consideration* £
Allotted, called up and fully paid 823,546 A ordinary share capital of 10p each	82,355	741,191	823,546
Allotted, called up and fully paid 26,454 B ordinary share capital of 10p each	2,645	23,809	26,454
Allotted, called up and fully paid 125,000 C ordinary share capital of 10p each	12,500	112,500	125,000
Total	97,500	877,500	975,000

On 21 December 2020, one A ordinary share of £1 was issued, allotted and fully paid for a consideration of £10. On 30 December 2020 this share was subdivided into ten 10p A ordinary shares and a further 823,536 A ordinary shares of 10p each were issued, allotted and fully paid for a consideration of £823,536.

On 30 December 2020, 26,454 B ordinary shares of 10p each were issued, allotted and fully paid for a consideration of £26,454.

On 30 December 2020, 120,000 C ordinary shares of 10p each were issued, allotted and fully paid for a consideration of £120,000. On 16 March 2021, a further 5,000 C ordinary shares of 10p each were issued and allotted for a consideration of £5,000 and remain unpaid as at 4 April 2021.

The A, B and C ordinary shares have attached to them full voting and dividend rights.

27. Reserves

(a) Share capital account

Share Capital represents the nominal value of share capital subscribed for.

(b) Share premium account

The Share premium account records the amount above the nominal value received for shares issued, less transaction costs.

(c) Profit and loss account

This reserve represents the total of all current and prior retained earnings net of distributions to owners.

(d) Invested capital

This reserve represents the aggregate equity attributable to Stork Topco Limited during the years ended 31 March 2019 and 5 April 2020.

28. Business Combinations

On 30 December 2020 the Group purchased 100% of the share capital of Stork Topco Limited a retailer and wholesaler of women's maternity wear and accessories for a consideration of £54,331,673. The financial results of Stork Topco Limited have been included in the Group's consolidated results from 30 December 2020.

	At Book Value £	*Fair Value Adjustments* £	*At Fair Value* £
Consideration			**54,331,673**
Assets			
Trademarks	90,904	–	90,904
Brand value	8,543,234	32,709,666	41,252,900
Tangible fixed assets	1,357,349	–	1,357,349
Cash and cash equivalents	6,299,414	–	6,299,414
Trade and other receivables	704,363	–	704,363
Inventories	5,332,566	–	5,332,566
Liabilities			
Trade and other payables	(6,212,756)	–	(6,212,756)
Corporation tax	(424,614)	–	(424,614)
Deferred tax liabilities	(1,452,334)	(6,385,717)	(7,838,051)
Net identifiable assets acquired	**14,238,126**	**26,323,949**	**40,562,075**
Goodwill			13,769,598
Total			**54,331,673**

The adjustments arising on acquisition were in respect of the following:

(a) The uplift in Brand value was to a third-party valuation.

(b) Deferred tax adjustment arising as a result of the acquisition adjustments, including derecognition of the previously recognised deferred tax liability.

Consideration

	2021 £
Cash	53,123,873
Contingent consideration	1,207,800
Total purchase consideration	54,331,673

Of the cash consideration of £53,123,873, £23,129,260 was paid to the management of the business. Contingent consideration is payable based on the EBITDA of the Stork Topco Group for the year ended 4 April 2021. The amount payable is capped at £3,000,000. The amount recognised in the business combination is based on the consolidated accounts of Stork Topco Group for the year ended 4 April 2021.

The goodwill on acquisition of the business represents the value derived from future incremental profitability over and above that which existed at the time of the acquisition, including synergies and cost savings through economies of scale. None of the goodwill recognised is deductible for income tax purposes.

From the date of acquisition to 04 April 2021, the Kensington Topco group contributed £8,689,006 of revenue and loss before tax of £360,378 to the Group.

Costs directly attributable to the acquisition of Stork TopCo Limited of £2,437,124 were expensed in the period to 4 April 2021 as non-recurring exceptional items.

29. Guarantees and Other Commitments

The Group's parent company, Kensington Bidco Limited, has bank facilities with HSBC Bank plc where the Group has pledged a fixed and floating charge over its assets in respect of these facilities.

The Group has the following facilities with HSBC Bank plc:

- Documentary Letters of Credit $2.25m (this is in the process of being increased to $3m), with the options of sight terms, usance terms and an import loan option
- Bank guarantees facility of €185,000
- Forward foreign exchange contracts facility of $250,000

At the 4 April 2021 the following facilities were drawn:

- Standby Letter of Credit dated 17 October 2014 in favour of GW Properties LLC for $159,000 (2020: $159,000, 2019: $159,000)
- Standby Letter of Credit dated 13 May 2015 in favour of 1321 Madison Avenue Corp for $148,568 (2020: $148,568, 2019: $148,568)
- Bank guarantee dated 4 August 2017 in favour of Mr Laurent et Didier Hirsh for €35,412 (2020: €135,000, 2019: €135,000)
- Bank guarantee dated 11 January 2021 in favour of Financien Fiscaliteit KMO for €22,000 (2020: €nil, 2019: €nil)
- Usance Letter of Credit commitments of $580,547 for balances included in trade creditors at 4 April 2021 (2020: $188,677, 2019: $179,148).

30. Pension Costs

The group operates a defined contribution pension scheme and an auto-enrolment pension scheme for employees. The pension charge for the period represents contributions payable by the group to the schemes and amounted to £107,698 (2020: £122,175, 2019: £99,652). £Nil (2020: £Nil, 2019: £6,147) of contributions were outstanding to the auto-enrolment scheme and £Nil (2020: £40,367, 2019: £Nil) were outstanding to personal pension plans at the 5 April 2021.

31. Related Party Transactions

Kensington Topco holds equity interest directly in Kensington Midco Limited. Equity interest in other subsidiary undertakings are indirectly held by Kensington Topco Limited. The registered office of Kensington Midco Limited is 95 Wigmore Street, London, W1U 1FB.

Stork Acquisition Limited is a direct subsidiary of Stork Midco Limited and has a direct interest in Seraphine Limited. Seraphine Limited has a direct interest in the equity of Seraphine Holdings Corp, Seraphine (Europe) Limited, Shoetherapy Limited and CR Fashion Limited. The registered offices of Kensington Acquisition Limited, Seraphine Limited, Seraphine (Europe) Limited, Shoetherapy Limited and CR Fashion Limited are 332 Ladbroke Grove, London W10 5AD and Seraphine Holdings Corp is 464 West Broadway, Soho, New York, 10012.

Seraphine USA, Inc. and Seraphine Maternity LLC are subsidiary companies of Seraphine Holdings Corp. The registered office for Seraphine USA, Inc and Seraphine Maternity LLC are 464 West Broadway, Soho, New York, 10012.

Seraphine France SARL is a subsidiary company of Seraphine (Europe) Limited. The registered office of Seraphine France SARL is 4, Place Saint Sulpice, 75006 Paris.

Balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

During the period, the Group paid management and consultancy Fees to Bridgepoint Advisers II Limited of £48,564 (2020: £50,000; 2019: £50,000). Bridgepoint Advisers II Limited were the Ultimate Controlling Party prior to 29 December 2020.

During the period the Group accrued £nil interest (2020: £12,657) on the £5,250,000 10 per cent. unsecured Loan Notes to Bridgepoint Growth Nominees Limited, Cecile Reinaud, Stella Donoghue bringing total interest of £1,008,550. The £5,250,000 10 per cent. unsecured Loan Notes together with the accrued interest of £1,008,550 was repaid on 8 April 2019. Bridgepoint Growth Nominees Limited was a subsidiary of Bridgepoint Group Limited, the Ultimate Controlling Party of Stork Topco prior to 29 December 2020. Cecile Reinaud and Stella Donoghue were directors of Stork Topco prior to 29 December 2020.

The company purchased, on an arm's length basis, e-commerce PPC consultancy services from E. Reinaud, a relation to Cecile Reinaud, Director, totaling £63,000 (2020: £84,000; 2019: £84,000). Cecile Reinaud, resigned as a director of the Company on 30 December 2020, the Company has retained the consultancy services from E. Reinaud since that date.

During the period the Group paid monitoring fee to Mayfair Equity Partners LLP of £25,000.

During the period the company accrued £1,093,773 interest on the £41,586,171.09 Fixed Rate A Loan Notes 2026 to Mayfair Equity Partners LLP and £35,135 interest on the £1,335,862.00 Fixed Rate B Loan Notes 2026 to the Directors, David Williams, John Bailey and Chelsey Oliver.

All related party transactions were performed at an arm's length basis.

32. Ultimate Controlling Party

Mayfair Equity Partners Nominees Limited incorporated in England and Wales, wholly owned by Mayfair Equity Partners LLP, is a direct shareholder in the Group, as nominee for the benefit of Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP and Mayfair Equity Partners II F&F LP (together with Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP, the "**Mayfair Funds**"). The Mayfair Funds, each incorporated in Scotland, are partnerships managed by Mayfair Equity Partners LLP. The ultimate controlling party is Mayfair Equity Partners LLP.

33. Post Balance Sheet Events

There continues to be uncertainty regarding the impact of the coronavirus pandemic on businesses throughout the country. The adverse consequences of the pandemic such as global market uncertainty, closure of businesses and macroeconomic factors reducing discretionary expenditure may have an impact on the financial condition and results of the Group. The Group has been directly affected by the closure of its stores due to Government guidelines, however, the Group's online presence has limited the impact of the coronavirus pandemic on the Group.

34. Transition to IFRS

From 2 April 2018 the Group has adopted International Financial Reporting Standards (IFRS) in the preparation of its financial statements, other than as noted under 'Basis of Preparation' in note 2.

The main items contributing to the change in financial information compared with that reported under UK GAAP as at the transition date are shown below.

Adoption of IFRS 16

With effect from 2 April 2018, the Group adopted IFRS 16 Leases via the full retrospective method. In accordance with IFRS 16, the distinction between operating leases and finance leases has been removed.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities at 2 April 2018 ranged from 2.3 per cent. and 3.9 per cent.

Cashflow

As a result of the transition to IFRS the following changes have resulted in the cashflow statement. Under UK GAAP payments to acquire property, plant and equipment were classified as part of 'Capital expenditure and financial investment' whilst under IFRS such payments have been reclassified as part of 'Investing activities'. There are no other material differences between the cashflow statement presented under IFRS and that presented under UK GAAP other than the presentational convention.

Period ended 31 March 2019

Reconciliation of equity as at 31 March 2019:

	FRS 102	Reversal of goodwill amortisation	Recognition of Right-of-use asset and Lease liability	Unwind of lease liability	Reversal of prepayment/ accrual	Right-of-use asset depreciation	Right-of-use asset impairment	Reverse Onerous Lease provision	IFRS
Share Capital	**15,979,925**	–	–	–	–	–	–	–	**15,979,925**
Share Premium	**90,000**	–	–	–	–	–	–	–	**90,000**
Own Share Reserves	–	–	–	–	–	–	–	–	–
Retained Earnings	**(833,879)**	**630,973**	**(607,140)**	**1,062,730**	**(15,781)**	**(1,104,836)**	**(694,722)**	**454,725**	**(1,107,929)**
Total Equity	**15,236,046**	**630,973**	**(607,140)**	**1,062,730**	**(15,781)**	**(1,104,836)**	**(694,722)**	**454,725**	**14,961,996**

Reconciliation of total comprehensive income for the period ended 31 March 2019:

	FRS 102	Reversal of goodwill amortisation	Reversal of rental charges	Right-of-use asset depreciation	Impairment of right-of-use assets	Interest charges on lease liability	Reverse Onerous Lease provision	IFRS
Admin Expenses	**(11,203,614)**	630,973	1,305,500	(1,104,836)	(694,722)	–	–	**(11,066,699)**
Finance Charges	**(568,356)**	–	–	–	–	(258,551)	–	**(826,907)**
Exceptional items	**53,068**	–	–	–	–	–	454,725	**507,793**
Total Comprehensive Income	**25,996**	**630,973**	**1,305,500**	**(1,104,836)**	**(694,722)**	**(258,551)**	**454,725**	**359,085**

Reconciliation of cashflows for the period ended 31 March 2019:

	FRS 102	IFRS Adjustments	IFRS
Profit/(loss) for the period	**(14,604)**	333,089	**318,485**
Depreciation and amortisation of fixed assets	**2,320,382**	473,863	**2,794,245**
Impairment of fixed assets	**–**	694,722	**694,722**
Interest payable	**568,356**	258,551	**826,907**
Decrease/(Increase) in trade and other receivables	**118,764**	15,781	**134,545**
Increase in trade and other payables	**(303,759)**	(454,725)	**(758,484)**
Net cash generated from operating activities	**2,314,711**	**1,321,281**	**3,635,992**
Payment of lease liabilities	**–**	(1,062,730)	**(1,062,730)**
Interest on lease liabilities	**–**	(258,551)	**(258,551)**
Net cash generated/(used) in financing activities	**(3,370)**	**(1,321,281)**	**(1,324,651)**
Net Increase in cash and cash equivalents	**1,909,072**	**–**	**1,909,072**

Period ended 5 April 2020

Reconciliation of equity as at 5 April 2020:

	FRS 102	Reversal of goodwill amortisation	Recognition of Right-of-use asset and Lease liability	Unwind of lease liability	Reversal of prepayment/ accrual	Right-of-use asset depreciation	Right-of-use asset impairment	Reverse Onerous Lease provision	IFRS
Share Capital	**15,979,925**	–	–	–	–	–	–	–	**15,979,925**
Share Premium	**90,000**	–	–	–	–	–	–	–	**90,000**
Own Share Reserves	**–**	–	–	–	–	–	–	–	**–**
Retained Earnings	**332,150**	1,252,288	(607,140)	2,246,398	(110,800)	(2,149,767)	(1,610,602)	392,225	**(255,247)**
Total Equity	**16,402,075**	**1,252,288**	**(607,140)**	**2,246,398**	**(110,800)**	**(2,149,767)**	**(1,610,602)**	**392,225**	**15,814,678**

Reconciliation of total comprehensive income for the period ended 5 April 2020:

	FRS 102	Reversal of goodwill amortisation	Reversal of rental charges	Right-of-use asset depreciation	Impairment of right-of-use assets	Interest charges on lease liability	Reverse Onerous Lease provision	IFRS
Admin Expenses	**(12,823,654)**	621,315	1,319,564	(1,044,931)	(915,880)	–	(62,500)	**(12,906,087)**
Finance Charges	**(159,359)**	–	–	–	–	(230,914)	–	**(390,273)**
Exceptional items	**(454,639)**	–	–	–	–	–	–	**(454,639)**
Total Comprehensive Income	**1,166,029**	**621,315**	**1,319,564**	**(1,044,931)**	**(915,880)**	**(230,914)**	**(62,500)**	**852,682**

Reconciliation of cashflows for the period ended 5 April 2020:

	FRS 102	*IFRS Adjustments*	*IFRS*
Profit/(loss) for the period	**1,156,135**	(313,347)	**842,788**
Depreciation and amortisation of fixed assets	**2,346,780**	423,616	**2,770,396**
Impairment of fixed assets	**–**	915,880	**915,880**
Interest payable	**159,359**	230,914	**390,273**
Decrease/(Increase) in trade and other receivables	**471,356**	95,019	**566,375**
Increase in trade and other payables	**2,115,159**	62,500	**2,177,659**
Net cash generated from operating activities	**4,435,721**	**1,414,582**	**5,850,303**
Payment of lease liabilities	**–**	(1,183,668)	**(1,183,668)**
Interest on lease liabilities	**–**	(230,914)	**(230,914)**
Net cash generated/(used) in financing activities	**(1,705,852)**	**(1,414,582)**	**(3,120,434)**
Net Increase in cash and cash equivalents	**1,958,628**	**–**	**1,958,628**

Period ended 4 April 2021

Reconciliation of equity as at 4 April 2021:

	FRS 102	*Reversal of goodwill amortisation*	*Recognition of Right-of-use asset and Lease liability*	*Unwind of lease liability*	*Reversal of prepayment/ accrual*	*Right-of-use asset depreciation*	*Right-of-use asset impairment*	*Reverse Onerous Lease provision*	*Business acquisition adjustment*	*IFRS*
Share Capital	**97,500**	–	–	–	–	–	–	–	–	**97,500**
Share Premium	**877,500**	–	–	–	–	–	–	–	–	**877,500**
Own Share Reserves	**–**	–	–	–	–	–	–	–	–	**–**
Retained Earnings	**(3,406,052)**	2,193.061	(607,140)	2,962,581	(197,848)	(3,081,802)	(1,799,139)	339,975	(2,525,478)	**(6,061,842)**
Total Equity	**(2,431,052)**	**2,193,061**	**(607,140)**	**2,962,581**	**(197,848)**	**(3,081,802)**	**(1,799,139)**	**339,975**	(2,525,478)	**(5,086,842)**

Reconciliation of total comprehensive income for the period ended 4 April 2021:

	FRS 102	*Reversal of goodwill amortisation*	*Reversal of rental charges*	*Right-of-use asset depreciation*	*Impairment of right-of-use assets*	*Interest charges on lease liability*	*Reverse Onerous Lease provision*	*Business acquisition adjustment*	*IFRS*
Admin Expenses	**(15,106,633)**	940,773	834,223	(932,035)	(188,537)	–	(52,250)	–	**(14,504,459)**
Finance Charges	**(1,368,096)**	–	–	–	–	(205,088)	–	(88,354)	**(1,661,538)**
Exceptional items	**(674,422)**	–	–	–	–	–	–	(2,437,124)	**(3,111,546)**
Total Comprehensive Income	**194,077**	**940,773**	**834,223**	**(932,035)**	**(188,537)**	**(205,088)**	**(52,250)**	**(2,525,478)**	**(1,934,315)**

Reconciliation of cashflows for the period ended 4 April 2021:

	FRS 102	*IFRS Adjustments*	*Business Acquisition Adjustments*	*IFRS*
Profit/(loss) for the period	**2,388,153**	397,086	(4,731,590)	**(1,946,351)**
Depreciation and amortisation of fixed assets	**2,360,636**	(8,738)	1,071,610	**3,423,507**
Impairment of fixed assets	**–**	188,537	–	**188,537**
Interest payable	**97,623**	205,088	1,270,474	**1,573,185**
Decrease/(Increase) in trade and other receivables	**25,279**	87,048	–	**103,087**
Increase in inventories	**(1,495,381)**	–	–	**(1,495,381)**
Increase in trade and other payables	**1,453,940**	52,250	(9,638)	**1,496,552**
Tax paid	**(770,778)**	–	–	**(770,778)**
Corporation Tax	**623,661**	–	(149,640)	**474,021**
Net cash generated from operating activities	**4,683,133**	**921,271**	**(2,548,784)**	**3,046,379**
Purchase of intangible fixed assets	**(397,634)**	–	–	**(397,634)**
Purchase of property, plant and equipment	**(58,377)**	–	–	**(58,377)**
Acquisition of subsidiary	**–**	–	(53,123,873)	**(53,123,873)**
Net cash generated from investing activities	**(456,011)**	–	**(53,123,873)**	**(53,579,884)**
Repayment of loans and borrowings	**(4,700,000)**	**–**	**–**	**(4,700,000)**
Loans drawn down	**1,494,049**	–	11,200,000	**12,694,049**
Dividend payments	**(3,258,969)**	–	3,258,969	**–**
Interest paid on loans and borrowings	**(97,623)**	–	(13,701)	**(111,324)**
Fees paid on loans and borrowing	**–**	–	(381,000)	**(381,000)**
Net loan notes issued	**–**	–	40,889,901	**40,889,901**
Share issue	**–**	–	970,000	**970,000**
Payment of lease liabilities	**–**	(716,183)	–	**(716,183)**
Interest on lease liabilities	**–**	(205,088)	–	**(205,088)**
Net cash generated/(used) in financing activities	**(6,562,543)**	**(921,271)**	**55,924,169**	**48,440,355**
Net Increase in cash and cash equivalents	**(2,335,421)**	**–**	**251,511**	**(2,093,150)**
Cash and cash equivalents at end of year	**2,926,271**	**–**	**251,511**	**3,168,542**