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**DRILLGREAT LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 27 AUGUST 2016**

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**DRILLGREAT LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	P Allen A Simon M Holloway E Deste (appointed 25 October 2016)
<b>COMPANY SECRETARY</b>	B Green
<b>REGISTERED NUMBER</b>	06292597
<b>REGISTERED OFFICE</b>	1 Nicholas Road London W11 4AN
<b>INDEPENDENT AUDITORS</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>BANKERS</b>	Barclays Bank plc 1 Churchill Place London E14 5HP

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**DRILLGREAT LIMITED**

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**CONTENTS**

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	Page
<b>Group Strategic Report</b>	<b>1 - 8</b>
<b>Directors' Report</b>	<b>9 - 11</b>
<b>Directors' Responsibilities Statement</b>	<b>12</b>
<b>Independent Auditors' Report</b>	<b>13 - 14</b>
<b>Consolidated Income Statement</b>	<b>15</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>16</b>
<b>Consolidated Statement of Financial Position</b>	<b>17 - 18</b>
<b>Company Statement of Financial Position</b>	<b>19</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>20 - 21</b>
<b>Company Statement of Changes in Equity</b>	<b>22 - 23</b>
<b>Consolidated Statement of Cash Flows</b>	<b>24</b>
<b>Notes to the Financial Statements</b>	<b>25 - 58</b>

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## DRILLGREAT LIMITED

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### GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 27 AUGUST 2016

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#### BUSINESS REVIEW

The group owns and operates the brands of Monsoon and Accessorize through stand-alone stores and in-store concessions both in the UK and internationally, some of which are franchises. It also operates through a number of transactional e-commerce web sites, concessions and product licenses.

#### Group review

As indicated by the Board in last year's report, 2016 was a difficult year as we set about implementing further changes as part of our strategic reorganisation programme. The performance of the Monsoon ladies business continued to be disappointing during the period.

The consequence of this was that total Group turnover declined by 9.2% to £422.2m (2015: £465.0m), and EBITDA before exceptional costs and impairment declined by 16.4% to £20.3m (2015: £24.3m).

The Group continues to benefit from a strong balance sheet with no external debt and a strong focus on costs allowed us to improve Group cash balances to £53.4m (2015: £50.2m).

#### UK and Eire

Turnover decreased by 6.8% from £334.5m to £311.9m due to a combination of a 6% decline in like-for-like sales, and the impact on sales of the store reorganisation programme.

The like for like performance was largely impacted by the continued under performance of the Monsoon ladies business, partly off-set by a stronger performance in Childrens and from good growth in our on-line business.

The rationalisation of the Group's UK portfolio continues with the closure of unprofitable stores when opportunities arise and we are now starting to see a positive impact on Group EBITDA from this strategy.

During the year, 26 stores were opened (including in-store concessions) and 29 stores were closed. As at 27 August 2016 there are 315 stores (including 23 in-store concessions) in the UK and Eire.

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## DRILLGREAT LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 27 AUGUST 2016

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#### International

Our international business presented a number of challenges which resulted in weaker turnover.

Turnover, which represents the sale of merchandise to and royalty income from franchisees and the net retail sales of our subsidiary stores, decreased by 15.5% from £130.4m to £110.2m.

A number of key markets suffered from either financial or political uncertainty which had a detrimental impact on trading as did FX volatility.

As part of preparing the business for the future we have withdrawn from a number of under performing markets during the year in order to focus on a smaller number of key markets.

A joint venture (Mafa LLC) was established in the Middle East with Majid al Futtaim to acquire our franchise there. This is a very important market for us and we are excited by the prospect of aligning with such a strong partner in this region. As at 27 August 2016 there were 806 operating stores internationally, a mixture of owned and franchised.

The results for the financial period are shown in the consolidated income statement on page 15.

#### FINANCIAL KEY PERFORMANCE INDICATORS

	Period ended 27 August 2016 £000	Period ended 29 August 2015 £000	Change %
Group turnover	422,194	464,973	(9.2)
Operating loss	(17,828)	(152,224)	88.3
Loss after tax	(18,671)	(153,931)	87.9
EBITDA (earnings before interest, tax, depreciation, amortisation, impairment and exceptional costs)	20,301	24,275	(16.4)
Average number of employees	3,105	3,212	(3.3)

#### CURRENT TRADING AND OUTLOOK

We have continued to implement the key findings from the strategic reorganisation review performed in 2015. The key areas of focus are:

- A separate focus on the identity of each brand to ensure that they are positioned to respond to the fast changing retail environment without discarding the benefits of a shared heritage and shared processes.
- A continued reshaping of the UK portfolio. This involves closing underperforming stores, taking advantage of new store opening opportunities and also investing and in refurbishing the Monsoon and Accessorize store estate.
- Growing new channels to market. During 2016 we have started to trade concessions and marketplaces and expect this activity to accelerate over the course of the next year.

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## DRILLGREAT LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 27 AUGUST 2016

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#### CURRENT TRADING AND OUTLOOK (CONTINUED)

- Investing in customers and web. We have invested heavily over the last year in both people and infrastructure to build our web capability.
- Strengthening key members of the management team to support the turnaround of the business.

We are starting to see the benefit from the actions we are taking in reorganising the business.

In the UK, the response to recent Monsoon ladies product has been very encouraging, with trading well ahead of last year on a like for like basis. Both Accessorize and Monsoon Children continue to perform well. However, in the short term, conditions internationally continue to be tough, particularly in the Middle East due to a weak economy.

Our focus on cost control continues and we are also managing the impact on margins following the devaluation of sterling post 23 June 2016.

The business has traditionally been strongly cash generative and the emphasis on cash generation remains an important consideration.

During 2016 we have taken a number of important steps towards recovering the business to previous levels of profitability, and while we are encouraged by our performance to date in the current financial year, we recognise that there is still work to be done over the next few years that will enable the Group to return to these levels. With the strength of our brands, strong balance sheet and support of our shareholder we remain confident of our recovery plan.

The Board recognise the efforts that all staff have made during the year and would like to thank everyone for their support and contribution over the past year.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The following are risks and uncertainties which could impact the Group's ability to achieve its strategic and operational objectives or embrace opportunities as they arise. The risks listed do not necessarily comprise all those associated with the Group and are not set out in order of priority.

##### Operational Risks

- Economic and Market conditions – Uncertainty surrounding the global economy and increasing levels of competition are major influences on consumer confidence and spending in discretionary categories. The Brexit vote on 23 June 2016 has also added to this uncertainty. The Group constantly reviews and monitors its trading operations to ensure pricing and promotional strategies remain competitive, product design remains attractive whilst staying in line with the Monsoon and Accessorize brand values. The Group continues to manage actively and minimise its exposure to the high fixed costs associated with retail store operations and puts in place plans to ensure that it can remain profitable and react to changes in the external environment.

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## DRILLGREAT LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 27 AUGUST 2016

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#### Operational Risks (continued)

- Brand and reputational risk – The strength of the Monsoon and Accessorize brands and their reputation are important to the Group's expansion plans and sales performance. Failure to protect the brands and their reputation could undermine the trust and confidence of external parties, including our partners, suppliers and customers. The Group carefully considers each new business opportunity and monitors relationships on an ongoing basis to ensure they are appropriate to the brands. Suppliers are required to comply with the Group's Code of Practice and the standards required by the Ethical Trading Initiative. Supplier operations, covering production methods, employee working conditions and quality controls are regularly inspected to ensure compliance with the standards set.
- International – Monsoon Accessorize continues to focus on international expansion via franchise operations and wholly owned businesses. The Group seeks to manage the relationship with partners to ensure it bears an acceptable share of the risks of this expansion in the form of unpredictable and volatile revenue streams due to political and economic conditions, legislative compliance and quality of product, presentation and service. The ability to work successfully with many international partners is crucial and the Group invests dedicated resources to this area to develop, monitor and support each individual relationship.
- Suppliers – Failure to maintain a high quality and diversified supply base and to limit reliance on key suppliers or geographical markets could increase the Group's exposure to quality issues and increased input costs. The Group continually seeks to develop and extend its supply base, reviewing geographical market opportunities and risks. It works closely with existing suppliers to mitigate fulfilment risks and ensure product design and quality remain of the highest standard. Cost price risk is managed through on-going trading relationships and negotiation with its supply partners.
- Warehousing and distribution – Monsoon Accessorize operates a Bonded distribution centre based in the UK, which services the global group and all multi-channel activities. Failure of warehouse and related logistic operations due to issues with warehouse systems, inefficient operating processes or delivery service failures would result in capacity shortages across the global estate and increased mark-downs ultimately impacting cash and profitability. The Group operates continuous planning processes to maximise distribution efficiencies, maintaining a tight control over internal and external service levels and system operations.
- People – The success of the Group is linked to leadership by key individuals, the performance of our people and the application of creative vision in core areas such as design and technology, operation of stores, e-commerce and supply chain management. The ability to attract, motivate and retain experienced and talented retail management is therefore key. Our rates of pay are competitive in the markets in which we operate. We continue to invest in training programmes, career development opportunities and key senior personnel are offered the opportunity to participate in a bonus scheme.
- IT systems and business continuity – The Group is dependent upon the continued availability and integrity of its computer systems to process, record and manage substantial volumes of data efficiently and accurately. Robust, backed-up and regularly tested systems are essential to ensure business interruptions are minimised and data is protected from corruption or unauthorised access or use.

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## DRILLGREAT LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 27 AUGUST 2016

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#### Operational Risks (continued)

- **Multi-channel** – In a competitive retail environment failure to adopt new technologies could impact performance and global reach. The Group's online platform includes stand-alone country multi currency web sites and cross basket functionality to support its ambitious international growth aspirations, making the brands more accessible and enhancing customers' shopping experience. In developing and launching new technology, the Group ensures that quality and performance are not compromised. It works closely with its systems partners to develop and enhance its platform continually to avoid detrimental impact to profits. The Group continues to embrace digital media creating relevant and engaging content to inspire and engage its customers.
- **Property** – Failure to manage the Group's leasehold properties effectively could result in adverse rental terms, increased property or exit costs. The Monsoon Accessorize Group has in-house property specialists supported by third party industry experts, who manage all aspects of leasehold property, including new leases, renewals and lease terminations. The Group regularly reviews its property portfolio, taking the opportunity to close unprofitable stores on lease expiry or by executing break options.

#### Financial Risks

The Group's financial risk management objectives and policies are set-out below:

- **Foreign currency risk** – The Group's presentational currency is sterling. Its subsidiaries have invested in operations outside of the UK and also buy goods denominated in currencies other than sterling. The value of non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general and the US Dollar in particular. The Group Treasury Committee is responsible for monitoring liquidity, interest and foreign currency risks. The Treasury Committee closely monitors all aspects of working capital and hedging strategies. To avoid adverse currency impact on pricing and manage operational risks, derivative instruments are entered into, principally forward foreign currency contracts.
- **Credit risks** – The risk of financial loss due to counterparty failure to honour obligations arises principally in relation to the sale of goods and provision of services to franchise partners and Group subsidiaries. Management closely monitor and review debt and credit facilities, flexing credit controls to changes in trading and economic conditions in order to minimise the risk of losses.
- **Liquidity risk** – The availability of cash and liquidity could have a material effect on operational and financial conditions of the business. The risk to the Group is considered to be manageable.

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## **DRILLGREAT LIMITED**

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### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 27 AUGUST 2016**

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#### **CORPORATE RESPONSIBILITY**

The Group is committed to being a responsible corporate citizen, operating to high ethical and environmental standards. This goes back to its origins in the 1970s as a retailer selling clothes made by small producer groups in India using natural fibres and vegetable dyes.

While the Group's product range has expanded, The Group remains committed to craft heritage and ethical standards across the business. The key areas of focus are:

- Ethical trading: Ensuring that all suppliers meet the standards set out in the Monsoon Accessorize Code of Conduct, covering working conditions, pay and workers rights;
- Artisan Trade: Supporting craft communities in Asia by providing market access and technical assistance to artisan based groups;
- Environmental policy: Reducing our carbon footprint and minimising waste; and
- The Monsoon Accessorize Trust: Helping improve the lives of disadvantaged women and children in Asia by supporting education, healthcare and income generation projects with a focus on craft communities where the Group sources its products.

#### **CHARITABLE DONATIONS**

During the financial year the Group collected £82k through the single-use plastic bag levy. The Group distributed the levy collected in England to the Monsoon Accessorize Trust; the levy collected in Scotland and Wales was distributed to local charities in the respective countries, and the levy collected in Northern Ireland was paid to the Department of Agriculture, Environment and Rural Affairs.

In 2016 the Group made no other charitable donations (2015: £250k).

The Group made no political donations during the period.

#### **THE MONSOON ACCESSORIZE TRUST**

The Monsoon Accessorize Trust helps some 10,000 women and children in Asia every year including a programme to provide health care in remote villages in Rajasthan (India), a hostel for homeless girls in Delhi and a project to help rebuild the silk cultivation industry in Afghanistan.

The Trust's goal is always to reach the women and children who need it most and to help them to create a better future. This includes an Artisan Support Programme, designed to help disadvantaged artisans through market access and technical assistance. Details of all current projects are at [www.monsoontrust.org](http://www.monsoontrust.org).

The Monsoon Accessorize Trust, a registered charity, reg no. 1038446, prepares separate financial statements.

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## DRILLGREAT LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 27 AUGUST 2016

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#### ETHICAL TRADING

All the Group's suppliers are asked to commit to the Monsoon Accessorize Code of Conduct, which is based on the Ethical Trading Initiative (ETI) Base Code. This sets out minimum standards relating to working conditions, pay and employment rights. The Group works with suppliers to achieve improvements where necessary through corrective action plans. This includes monitoring sub contractors. Progress is monitored through regular visits and audits, carried out by in house specialists and independent external auditors. This includes unannounced visits to ensure the Group has an accurate picture of progress.

Monsoon Accessorize prides itself on long standing and positive working relationships across its supply chain. However, as a last resort, the Group is prepared to stop sourcing from a factory if necessary improvements are not made over the agreed timeframe.

As a founder member of the Ethical Trading Initiative ([www.ethicaltrade.org](http://www.ethicaltrade.org)), the Group benefits from shared learning and interaction with other members, including companies, non governmental organisations (NGOs) and trade unions. The ETI's ultimate goal is to ensure that the working conditions of those producing for the UK market meet or exceed international labour standards. The Group was a leading member of ETI Homeworkers Group and has made significant progress in rolling out the ETI piece rate methodology across its supply chain.

Further information on the Group's work on Ethical Trade is available at Group [http://uk.monsoon.co.uk/uk/content/heritage#ethical trading](http://uk.monsoon.co.uk/uk/content/heritage#ethical%20trading).

#### ARTISAN

Building on Monsoon Accessorize craft heritage, the Group is committed to supporting artisans in Asia to help sustain their crafts. During the financial year ended August 2014, the Group extended the programme by launching ARTISAN, a consumer facing initiative that calls out hand crafted products. Through ARTISAN, the Group provides market access and technical assistance to artisan based groups working in small informal units or homeworker villages. These collections provided employment opportunities for over 1,700 artisans in India and China.

#### ENVIRONMENTAL POLICY

The Group has a challenging programme to reduce the carbon footprint through good energy management, including stretching targets to reduce the use of air freight. The Group is also working with suppliers to ensure environmental impacts are managed in a responsible way and to minimise waste and packaging.

Key activities include:

- Reducing energy used per square foot in UK stores, distribution centre and Head Office through good energy management;
- Integrating environmental criteria into shop design and refit programmes where possible;
- Ensuring that products are delivered by sea wherever possible;
- Reducing the use of packaging in stores and, in particular, the use of non-bio degradable plastic;
- Promoting long-life fashion with Monsoon's Clothes for Life campaign;
- Integrating low carbon artisanal techniques into our heritage collections, including hand-block printing and vegetable dyes.

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## DRILLGREAT LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 27 AUGUST 2016

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#### HEALTH AND SAFETY POLICY

The Group recognises its responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees, customers and visitors, which are safe, healthy and in compliance with statutory requirements and appropriate approved codes of practice.

The Board is responsible for the Group's Health and Safety performance. The Health and Safety agenda is managed through a "business as usual" approach, which sees employees at all levels resolving issues and concerns as part of their day-to-day role. The Board is kept apprised of key developments through an escalation process and is supported by a Health and Safety Manager.

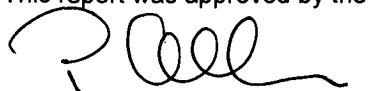
Training has been extended in a programme which sees key post-holders attending the Institution of Occupational Safety and Health "Safety for Executives & Directors" course.

The Group follows a risk assessment approach derived from the UK Health and Safety Executive publication HSG65, " for Health and Safety" using the plan, do, check, act approach . The Group's health and safety policies and procedures take into account all aspects of the Group's business activities and infrastructure and are designed to minimise accident and incidents.

#### CORPORATE GOVERNANCE

As a private company Drillgreat Limited is not obliged to provide details of its corporate governance; however the Directors have a system of internal financial and operational controls designed to provide effective management of the business. These include detailed weekly and monthly management information and regular meetings of the Directors.

This report was approved by the Board on 5 May 2017 and signed on its behalf.



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**P Allen**  
Director

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## **DRILLGREAT LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD ENDED 27 AUGUST 2016**

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The Directors present their report and the financial statements for the period ended 27 August 2016.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Group is the retailing of women's and children's clothing, accessories, homeware and gifts.

#### **RESULTS AND DIVIDENDS**

The loss for the period, after taxation, amounted to £18,671k (2015: loss £153,931k).

The Group paid an interim dividend of £5,000k during the financial period (2015: £26,901k). The Group is not proposing a final dividend this year (2015: £nil).

#### **DIRECTORS**

The Directors who served during the period and since the period end were:

P Allen  
A Simon  
M Holloway  
E Deste (appointed 25 October 2016)

The Directors hold no beneficial interests in the share capital of the Company or any other company of the Group.

#### **SUPPLIER PAYMENT POLICY**

The Group does not follow any specific code or standard on payment practice but agrees payment terms during contractual negotiations with all prospective suppliers. Payment terms are clearly stated on purchase orders. It is the Group's policy to abide by the agreed terms of payment where appropriate.

The Group operates a supplier finance facility in partnership with a UK clearing bank offering suppliers the opportunity to advance receipts on outstanding invoices. The Group proactively engages with Credit Insurance organisations reporting actual results, including trading accounts, cash and net debt positions, as well as sharing management strategy and outlook for future periods.

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

Details of current trading and outlook are contained in the Strategic Report on page 2.

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## **DRILLGREAT LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 27 AUGUST 2016**

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#### **EMPLOYMENT POLICY**

Employment policies are based on a commitment to equal opportunities from selection and recruitment, through training, development, appraisal and promotion.

The Group aims to promote an environment free from discrimination, harassment and victimisation and all decisions relating to employment will be objective and based solely on individual merit. The Group is intent on using everyone's talents and abilities to the full.

Employee involvement in the Group's success and profitability is encouraged through various sales incentive schemes. Regular meetings and the Company Intranet encourage employees to involve themselves in all aspects of the Group's activities and make sure they are informed of matters which concern them as employees.

It is the Group's policy to give full and fair consideration to suitable applications for employment by disabled persons and so far as particular disabilities permit, give continued employment to any existing employee who becomes disabled.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

#### **POST BALANCE SHEET EVENTS**

During 2016 the Group took the decision to refocus the operations associated with its three key brands: Monsoon, Monsoon Children and Accessorize. The purpose of this is to allow the business to focus on the distinct identity and customers associated with each brand.

On 28th August 2016 Monsoon Accessorize Limited transferred the net book value of assets/liabilities and business operations directly associated with the Accessorize brand to Accessorize Limited, a newly incorporated wholly owned entity within the Drillgreat Group. Consideration will be settled via intracompany loans.

In the future, UK store revenues, royalties, licence fees, commission fees and direct costs associated with the Accessorize brand will be accounted for under Accessorize Limited. Indirect costs will be apportioned and recharged on to Accessorize Limited by Monsoon Accessorize Limited. The Company is in the process of executing all necessary steps to formally transfer its UK and international Accessorize trade to Accessorize Limited. The revenue of Accessorize equates to circa half of Monsoon Accessorize Limited's revenue. At this stage, the Company cannot disclose the full impact on net assets. From a Group perspective, there will be no change to the results reported.

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**DRILLGREAT LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**AUDITORS**

Under section 487(2) of the Companies Act 2006, BDO LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the Board on 5 May 2017 and signed on its behalf.



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**P Allen**  
Director

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## **DRILLGREAT LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 27 AUGUST 2016**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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## **DRILLGREAT LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRILLGREAT LIMITED**

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We have audited the financial statements of Drillgreat Limited for the period ended 27 August 2016, set out on pages 15 to 58. The relevant reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibilities Statement on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 27 August 2016 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with those financial statements.

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**DRILLGREAT LIMITED**

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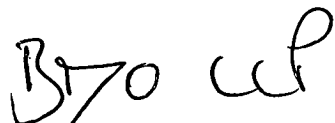
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRILLGREAT LIMITED (CONTINUED)**

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

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

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



Sophia Michael (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

55 Baker Street  
London  
W1U 7EU

5 May 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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**DRILLGREAT LIMITED**

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**CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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	Note	Period ended 27 August 2016 £000	Period ended 29 August 2015 £000
Turnover	4	422,194	464,973
Cost of sales		(186,718)	(210,096)
<b>GROSS PROFIT</b>		<b>235,476</b>	<b>254,877</b>
Administrative expenses		(244,380)	(263,950)
Goodwill amortisation and impairment	5	(17,799)	(150,822)
Total administrative expenses		(262,179)	(414,772)
Other operating income		8,867	5,747
Profit on disposal of subsidiaries	6	8	1,924
<b>OPERATING LOSS</b>	7	<b>(17,828)</b>	<b>(152,224)</b>
Interest receivable and similar income	12	22	82
Interest payable and similar charges	13	(120)	(86)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(17,926)</b>	<b>(152,228)</b>
Tax on loss on ordinary activities	14	(745)	(1,703)
<b>LOSS FOR THE PERIOD</b>		<b>(18,671)</b>	<b>(153,931)</b>

All amounts relate to continuing operations. The total loss for current and prior period is attributable to the owners of the parent.

The notes on pages 25 to 58 form part of these financial statements.

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**DRILLGREAT LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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	<b>Period ended 27 August 2016 £000</b>	<b>Period ended 29 August 2015 £000</b>
<b>Note</b>		
Loss for the period	<b>(18,671)</b>	<b>(153,931)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Currency translation differences on net investment in overseas subsidiaries	<b>720</b>	<b>(537)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>720</b>	<b>(537)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(17,951)</b>	<b>(154,468)</b>

The total comprehensive loss for current and prior period is attributable to the owners of the parent.

The notes on pages 25 to 58 form part of these financial statements.

**DRILLGREAT LIMITED**  
**REGISTERED NUMBER: 06292597**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 27 AUGUST 2016**

	Note	27 August 2016 £000	27 August 2016 £000	29 August 2015 £000	29 August 2015 £000
<b>FIXED ASSETS</b>					
Intangible assets	17		183,186		200,999
Tangible assets	18		56,609		60,717
			<u>239,795</u>		<u>261,716</u>
<b>CURRENT ASSETS</b>					
Stocks	20	64,318		58,108	
Debtors	21	57,954		61,046	
Cash at bank and in hand	22	53,418		50,151	
		<u>175,690</u>		<u>169,305</u>	
Creditors: amounts falling due within one year	23	(136,261)		(128,049)	
<b>NET CURRENT ASSETS</b>			<u>39,429</u>		<u>41,256</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>279,224</u>		<u>302,972</u>
Creditors: amounts falling due after more than one year	24		(1,198)		(1,085)
<b>PROVISIONS FOR LIABILITIES</b>					
Provisions for liabilities	28	(8,660)		(9,570)	
			<u>(8,660)</u>		<u>(9,570)</u>
<b>NET ASSETS</b>			<u>269,366</u>		<u>292,317</u>

**DRILLGREAT LIMITED**  
**REGISTERED NUMBER: 06292597**


**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 27 AUGUST 2016**

		27 August 2016 £000	29 August 2015 £000
	Note		
<b>CAPITAL AND RESERVES</b>			
Called up share capital	29	13,445	13,445
Share premium account	30	200,000	200,000
Foreign exchange reserve	30	(2,590)	(3,310)
Profit and loss account	30	58,511	82,182
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>		<b>269,366</b>	<b>292,317</b>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 5 May 2017.

  
.....  
**E Deste**

Director

  
.....  
**P Allen**

Director

The notes on pages 25 to 58 form part of these financial statements.

**DRILLGREAT LIMITED**  
**REGISTERED NUMBER: 06292597**

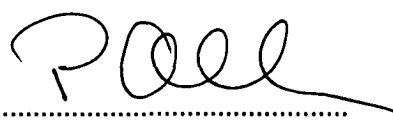
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 27 AUGUST 2016**

	Note	27 August 2016 £000	27 August 2016 £000	29 August 2015 £000	29 August 2015 £000
<b>FIXED ASSETS</b>					
Investments	19		507,686		507,686
			<u>507,686</u>		<u>507,686</u>
<b>CURRENT ASSETS</b>					
Debtors	21	26,530		24,604	
Cash at bank and in hand	22	1,191		1,187	
		<u>27,721</u>		<u>25,791</u>	
Creditors: amounts falling due within one year	23	(239,144)		(235,829)	
<b>NET CURRENT LIABILITIES</b>			<b>(211,423)</b>		<b>(210,038)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>296,263</b></u>		<u><b>297,648</b></u>
<b>NET ASSETS EXCLUDING PENSION ASSET</b>			<u><b>296,263</b></u>		<u><b>297,648</b></u>
<b>NET ASSETS</b>			<u><b>296,263</b></u>		<u><b>297,648</b></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	29		13,445		13,445
Share premium account	30		200,000		200,000
Foreign exchange reserve	30		(6,032)		(6,032)
Profit and loss account	30		88,850		90,235
			<u><b>296,263</b></u>		<u><b>297,648</b></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 5 May 2017.

  
.....  
**E Deste**

Director

  
.....  
**P Allen**

Director

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**DRILLGREAT LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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	Called up share capital £000	Share premium account £000	Foreign exchange reserve £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
At 30 August 2015	13,445	200,000	(3,310)	82,182	292,317	292,317
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>						
Loss for the period	-	-	-	(18,671)	(18,671)	(18,671)
Currency translation differences on net investment in overseas subsidiaries	-	-	720	-	720	720
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	720	-	720	720
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	720	(18,671)	(17,951)	(17,951)
Dividends: Equity capital	-	-	-	(5,000)	(5,000)	(5,000)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	-	(5,000)	(5,000)	(5,000)
<b>AT 27 AUGUST 2016</b>	<b>13,445</b>	<b>200,000</b>	<b>(2,590)</b>	<b>58,511</b>	<b>269,366</b>	<b>269,366</b>

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**DRILLGREAT LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 29 AUGUST 2015**

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	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000	£000	£000
At 31 August 2014	13,445	200,000	(2,773)	263,014	473,686	473,686
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>						
Loss for the period	-	-	-	(153,931)	(153,931)	(153,931)
Currency translation differences on net investment in overseas subsidiaries	-	-	(537)	-	(537)	(537)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	(537)	-	(537)	(537)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	(537)	(153,931)	(154,468)	(154,468)
Dividends: Equity capital	-	-	-	(26,901)	(26,901)	(26,901)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	-	(26,901)	(26,901)	(26,901)
<b>AT 29 AUGUST 2015</b>	<b>13,445</b>	<b>200,000</b>	<b>(3,310)</b>	<b>82,182</b>	<b>292,317</b>	<b>292,317</b>

The notes on pages 25 to 58 form part of these financial statements.

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DRILLGREAT LIMITED

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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 27 AUGUST 2016

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	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 30 August 2015	13,445	200,000	(6,032)	90,235	297,648
Profit for the period	-	-	-	3,615	3,615
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	3,615	3,615
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>					
Dividends: Equity capital	-	-	-	(5,000)	(5,000)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	-	(5,000)	(5,000)
<b>AT 27 AUGUST 2016</b>	<b>13,445</b>	<b>200,000</b>	<b>(6,032)</b>	<b>88,850</b>	<b>296,263</b>

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**DRILLGREAT LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 29 AUGUST 2015**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Foreign exchange reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 31 August 2014	13,445	200,000	(6,032)	373,620	581,033
Loss for the period	-	-	-	(256,484)	(256,484)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	(256,484)	(256,484)
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>					
Dividends: Equity capital	-	-	-	(26,901)	(26,901)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	-	(26,901)	(26,901)
<b>AT 29 AUGUST 2015</b>	<b>13,445</b>	<b>200,000</b>	<b>(6,032)</b>	<b>90,235</b>	<b>297,648</b>

The notes on pages 25 to 58 form part of these financial statements.

**DRILLGREAT LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

	27 August 2016 £000	29 August 2015 £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the financial period	(18,671)	(153,931)
<b>ADJUSTMENTS FOR:</b>		
Amortisation and impairment of intangible assets	17,813	150,850
Depreciation of tangible assets	17,790	17,527
Profit on disposal of subsidiaries	(8)	(1,924)
Loss on disposal of tangible assets	369	1,301
Interest paid	120	86
Interest received	(22)	(82)
Movement in fair value of derivatives	(2,015)	(2,115)
Taxation on loss on ordinary activities	745	1,704
(Increase)/decrease in stocks	(5,823)	9,061
Decrease/(increase) in debtors	1,127	(688)
Increase/(decrease) in creditors	7,122	(10,667)
(Decrease)/increase in provisions	(910)	2,329
Corporation tax paid	1,303	(4,962)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>18,940</b>	<b>8,489</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(15,125)	(19,947)
Sale of tangible fixed assets	1,614	1,377
Sale of fixed asset investments	-	6,539
Interest received	22	79
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(13,489)</b>	<b>(11,952)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Other new loans	1,741	2,233
Dividends paid	(5,000)	(26,901)
Interest paid	(8)	(78)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3,267)</b>	<b>(24,746)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,184</b>	<b>(28,209)</b>
Cash and cash equivalents at beginning of period	50,151	78,596
Foreign exchange gains and losses	1,083	(236)
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>53,418</b>	<b>50,151</b>

The notes on 25 to 58 form part of these financial statements.

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## DRILLGREAT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 AUGUST 2016

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#### 1. GENERAL INFORMATION

Drillgreat Limited is a company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the company information page and the nature of the company's operations and principal activities are given in the directors' report.

#### 2. ACCOUNTING POLICIES

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 31 August 2014.

No profit and loss account is presented for Drillgreat Limited as permitted by section 408 (4) of the Companies Act 2006.

##### 2.3 Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the business activities as well as the Group's principal risks and uncertainties as set out on pages 3 to 2. The Group actively manages its cash position. Based on the Group's cash flow forecasts and projections, the Board is satisfied that the Group will be able to operate within the level of its facilities for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

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## DRILLGREAT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 AUGUST 2016

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, net of relevant vouchers, value added tax and other sales taxes. Licence income receivable from licences is accrued as earned on the basis of the terms of the relevant licence agreement. Turnover from franchise partners represents the sale of merchandise to and royalty income received from them.

The Group sells retail products with the right of return, as stated in the Group's terms and conditions, and provision is made based on best estimate for the value of such returns.

### 2.5 Intangible assets

#### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Income Statement over 20 years.

#### Other intangible assets

The cost of trademarks is being written off over 10 years on a straight line basis, subject to reviews for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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## DRILLGREAT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 AUGUST 2016

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short term leasehold property	- over the period of the lease
Motor vehicles	- straight line over 5 years
Fixtures and fittings	- straight line over 3 to 10 years
Computer equipment (included within fixtures and fittings)	- straight line over 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Income Statement.

### 2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

### 2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. The carrying value of assets is reviewed for impairments when events of change in circumstances indicate the carrying value may not be recoverable.

### 2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving stock. Net realisable value is based on an estimated selling price less additional costs to sell. Cost is based on the cost of purchase on a weighted average basis.

### 2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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## DRILLGREAT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 AUGUST 2016

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

### 2.12 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in administrative expenses or income as appropriate. The Group does not currently apply hedge accounting for foreign exchange derivatives.

### 2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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## DRILLGREAT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 AUGUST 2016

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.14 Foreign currency translation

#### Functional and presentation currency

The Company's functional and presentational currency is GBP. The Group's presentation currency is also GBP.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

### 2.15 Finance costs

Finance costs are charged to the Consolidated Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### 2.17 Operating leases: the Group as lessee

The Group operates from certain leasehold premises. The Group bears all the costs of leasehold improvements and pays all rentals and lease premiums due to the head lessor.

Rentals paid under operating leases are charged to the Consolidated Income Statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are also recognised on a straight line basis over the lease term.

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## DRILLGREAT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 AUGUST 2016

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.18 Pensions

#### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

### 2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

### 2.20 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. When material the onerous element of the lease is discounted to its present value.

### 2.21 Interest income

Interest income is recognised in the Consolidated Income Statement using the effective interest method.

### 2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Provisions for dilapidation costs are recognised on a lease by lease basis.

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## DRILLGREAT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 AUGUST 2016

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.23 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2.24 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

### 2.25 Employee benefits

The Group operates an employee Growth Share scheme. The Growth Share scheme is offered to certain employees of the Group and the shares will deliver a return of capital to participants at some point in the future to the extent that their value grows beyond a specific threshold. Three classes of Growth Shares, 'A', 'B' and 'C' are issued in Monsoon Limited, which is a subsidiary of the Drillgreat group. The shares were issued to employees at fair value on subscription.

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## DRILLGREAT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 AUGUST 2016

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#### 3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the Directors have had to make the following judgments:

- Determine whether leases entered into by the Group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

- **Tangible fixed assets (see note 18)**  
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Stock provisioning (see note 20)**  
Stock is carried in the balance sheet at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving stock. The directors have used their knowledge and experience of the industry to determine the level of provisioning required based on the ageing profile of stock.
- **Onerous lease provisions (see note 28)**  
A provision is recognised where the costs of a lease exceeds the economic benefit expected. In determining the discounted value of this cost judgment is applied by the directors as to the appropriate pre-tax weighted average cost of capital and what costs exceed the benefits expected.
- **Dilapidations provisions (see note 28)**  
A provision for costs, which will be incurred in returning a leased property to the condition that it was in at the inception of the lease, is made based on estimates provided by external surveyors. The actual costs of the work that needs to be completed could vary from the estimates.
- **Deferred tax (see note 26)**  
Estimates may be required in determining the level of deferred tax assets and liabilities, which directors believe are reasonable. Various factors may have favourable or adverse effects on the deferred tax assets and liabilities. These include changes in tax legislation, tax rates and allowances, future levels of spending, the Group's level of future earning and estimated future taxable profits.

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DRILLGREAT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016

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3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

- Goodwill amortisation (see note 17)  
Judgement was applied by the directors in determining the useful life of Goodwill. Goodwill is considered to have a finite useful life of 20 years, and is amortised on a straight line basis over its life.

4. TURNOVER

An analysis of turnover by class of business is as follows:

	Period ended 27 August 2016 £000	Period ended 29 August 2015 £000
Retail	422,194	464,973
	<u>422,194</u>	<u>464,973</u>

Analysis of turnover by country of destination:

	Period ended 27 August 2016 £000	Period ended 29 August 2015 £000
UK and Ireland	311,945	334,539
International	110,249	130,434
	<u>422,194</u>	<u>464,973</u>

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**5. EXCEPTIONAL ITEMS**

Included within administrative expenses were the following exceptional items:

- following the exit of properties and renegotiations with landlords, net onerous lease provisions were recognised resulting in exceptional costs of £457k (2015: £5,920k);
- the Group restructured its UK and French operations resulting in redundancy costs of £449k (2015: £1,539k);
- the Group wrote off £934k (2015: £940k) in relation to third party debt; and
- the Group incurred fees of £693k (2015: £1,646k) on strategic reorganisation activities undertaken to refocus the Group's operations.

	<b>Period ended 27 August 2016 £000</b>	<b>Period ended 29 August 2015 £000</b>
Onerous lease provision	<b>457</b>	5,920
Redundancy fees	<b>449</b>	1,539
Provision for third party debt	<b>934</b>	940
Group reorganisation	<b>693</b>	1,646
	<b>2,533</b>	10,045

**6. PROFIT ON DISPOSAL OF SUBSIDIARIES**

	<b>Period ended 27 August 2016 £000</b>	<b>Period ended 29 August 2015 £000</b>
Profit on disposal of subsidiaries	<b>8</b>	1,924
	<b>8</b>	1,924

Exceptional profit on disposal of subsidiaries relates to a gain from sale of Group's subsidiary investment in Monsoon Coordination Services Limited this year and Monsoon Accessorize Denmark last year.

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DRILLGREAT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016

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7. OTHER OPERATING INCOME

	Period ended 27 August 2016 £000	Period ended 29 August 2015 £000
Other operating income	2,685	2,607
Net rents receivable	2,603	2,397
Service fees	2,833	-
Licensing income	746	743
	<u>8,867</u>	<u>5,747</u>

8. OPERATING LOSS

The operating loss is stated after charging:

	Period ended 27 August 2016 £000	Period ended 29 August 2015 £000
Depreciation of tangible fixed assets	17,791	17,527
Amortisation of intangible assets, including goodwill	17,813	26,558
Impairment of intangible assets	-	124,293
Exchange differences	(891)	2,780
Other operating lease rentals	69,985	74,030
Defined contribution pension cost	698	705
Loss on disposal of fixed assets	369	1,301
	<u>          </u>	<u>          </u>

Depreciation includes a charge for the impairment of tangible fixed assets of £2,629k (2015: £2,247k).

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**9. AUDITORS' REMUNERATION**

	<b>Period ended 27 August 2016 £000</b>	<b>Period ended 29 August 2015 £000</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<b>190</b>	179
	<b>190</b>	179
<b>FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:</b>		
Other services relating to taxation	<b>19</b>	22
All taxation advisory services not included above	<b>9</b>	34
Local statutory audits for subsidiaries	<b>18</b>	17
All other services	<b>19</b>	17
	<b>65</b>	90

Other services include general consultancy, training and turnover audits.

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**10. EMPLOYEES**

Staff costs were as follows:

	<b>Period ended 27 August 2016 £000</b>	<b>Period ended 29 August 2015 £000</b>
Wages and salaries	<b>71,079</b>	70,018
Social security costs	<b>3,906</b>	4,408
Cost of defined contribution scheme	<b>698</b>	705
	<b><u>75,683</u></b>	<u>75,131</u>

The average monthly number of employees, including the Directors, during the period was as follows:

	<b>Period ended 27 August 2016 No.</b>	<b>Period ended 29 August 2015 No.</b>
Retail and distribution	<b>2,547</b>	2,596
Administration	<b>558</b>	616
	<b><u>3,105</u></b>	<u>3,212</u>

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**11. DIRECTORS' REMUNERATION**

	<b>Period ended 27 August 2016 £000</b>	<b>Period ended 29 August 2015 £000</b>
Directors' emoluments	<b>555</b>	913
Company contributions to defined contribution pension schemes	<b>1</b>	1
	<b>556</b>	<b>914</b>

The highest paid Director received remuneration of £486k (2015 - £500k) from a subsidiary, Monsoon Accessorize Limited.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2015 - £nil).

Key management personnel responsible for planning, directing and controlling activities of the Group are considered to be limited to the statutory directors.

**12. INTEREST RECEIVABLE**

	<b>Period ended 27 August 2016 £000</b>	<b>Period ended 29 August 2015 £000</b>
Bank and other interest receivable	<b>22</b>	82
	<b>22</b>	<b>82</b>

**13. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>Period ended 27 August 2016 £000</b>	<b>Period ended 29 August 2015 £000</b>
Other bank loans and overdrafts	<b>120</b>	86
	<b>120</b>	<b>86</b>

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**14. TAXATION**

	<b>Period ended 27 August 2016 £000</b>	<b>Period ended 29 August 2015 £000</b>
<b>CORPORATION TAX</b>		
Current tax on profits for the year	<b>638</b>	639
Adjustments in respect of previous periods	<b>223</b>	(510)
<b>TOTAL CURRENT TAX</b>	<b>861</b>	129
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	<b>(729)</b>	1,176
Effect of change in tax rate on opening liability	<b>538</b>	(32)
Adjustments in respect of previous periods	<b>75</b>	430
<b>TOTAL DEFERRED TAX</b>	<b>(116)</b>	1,574
<b>TAXATION ON LOSS ON ORDINARY ACTIVITIES</b>	<b>745</b>	1,703

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DRILLGREAT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016

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14. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

The tax assessed for the period is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.53%). The differences are explained below:

	Period ended 27 August 2016 £000	Period ended 29 August 2015 £000
Loss on ordinary activities before tax	(17,926)	(152,228)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.53%)	(3,585)	(31,252)
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	5,650	33,190
Non-taxable income	(777)	(903)
Movement in unprovided deferred tax	(1,412)	589
Deferred tax rate changes	538	(31)
(Lower)/higher rate taxes on overseas earnings	(3)	137
Foreign currency movement	34	57
Adjustments to tax charge in respect of prior periods	300	(84)
<b>TOTAL TAX CHARGE FOR THE PERIOD</b>	<b>745</b>	<b>1,703</b>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Certain unprovided deferred tax assets are disclosed in note 26 to the financial statements.

The consolidated financial statements show a deferred tax asset of £5,061k (2015: £4,908k) (note 21 and note 27), as at 27 August 2016.

The UK corporation tax rate will reduce from 20% to 19% from 1 April 2017. A further reduction in the rate to 17% from 1 April 2020 was announced in the Finance Bill 2016, which was substantially enacted on 6 September 2016.

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**15. DIVIDENDS**

	<b>27 August 2016 £000</b>	29 August 2015 £000
Interim dividends declared and paid on equity capital at 0.04p per share (2015: 0.20p per share)	<b>5,000</b>	26,901
	<b>5,000</b>	26,901

The Group is not proposing a final dividend this year (2015: £nil).

**16. PARENT COMPANY PROFIT FOR THE YEAR**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The profit after tax of the parent Company for the period was £3,615k (2015 - loss £256,484k).

**17. INTANGIBLE ASSETS**

**Group**

	<b>Trademarks £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<b>COST</b>			
At 30 August 2015 and at 27 August 2016	<b>525</b>	<b>530,576</b>	<b>531,101</b>
<b>AMORTISATION</b>			
At 30 August 2015	<b>505</b>	<b>329,597</b>	<b>330,102</b>
Charge for the year	<b>14</b>	<b>17,799</b>	<b>17,813</b>
At 27 August 2016	<b>519</b>	<b>347,396</b>	<b>347,915</b>
<b>NET BOOK VALUE</b>			
At 27 August 2016	<b>6</b>	<b>183,180</b>	<b>183,186</b>
At 29 August 2015	<b>20</b>	<b>200,979</b>	<b>200,999</b>

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**17. INTANGIBLE ASSETS (CONTINUED)**

In accordance with FRS102 Section 27 'Impairment of Assets' the directors undertook an impairment review of the carrying value of the Group's Goodwill as at 27 August 2016 with the 'recoverable' amount, that is the higher of its fair value less costs to sell and its 'value in use'. Value in use is defined as the present value of future cash flows obtainable as a result of the assets continued use.

The assumptions used in assessing value in use were based on the Group's internal forecasts. The Group projected revenue, EBITDA and cash flows for a period of four years and applied a perpetual long term growth rate of 2.25% thereafter. The Group assumed a pre tax discount rate of 14% to calculate the present value of its projected cash flows, based on the Capital Asset Pricing Model adjusted to reflect risks associated with the retail sector.

Based on calculation of value in use, no impairment of the carrying value of Drillgreat Limited's Goodwill in the Monsoon Group has been recorded (2015: £124,293k).

**18. TANGIBLE FIXED ASSETS**

**Group**

	Short Term Leasehold Property £000	Motor vehicles £000	Fixtures & fittings £000	Total £000
<b>COST</b>				
At 30 August 2015	55,178	26	83,608	138,812
Additions	2,777	-	11,255	14,032
Disposals	(6,977)	-	(12,171)	(19,148)
Exchange adjustments	1,257	4	1,908	3,169
At 27 August 2016	52,235	30	84,600	136,865
<b>DEPRECIATION</b>				
At 30 August 2015	27,642	12	50,441	78,095
Charge for period on owned assets	4,872	6	12,913	17,791
Disposals	(6,087)	-	(11,471)	(17,558)
Exchange adjustments	505	2	1,421	1,928
At 27 August 2016	26,932	20	53,304	80,256
<b>NET BOOK VALUE</b>				
At 27 August 2016	25,303	10	31,296	56,609
At 29 August 2015	27,536	14	33,167	60,717

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**18. TANGIBLE FIXED ASSETS (CONTINUED)**

Depreciation includes a charge for the impairment of tangible fixed assets of £2,629k (2015: £2,247k).

**19. FIXED ASSET INVESTMENTS**

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Monsoon Holdings (No.1) Limited (formerly Monsoon Limited)	England and Wales	Ordinary Shares	100 %	Holding company
Monsoon Japan Limited	England and Wales	Ordinary Shares	100 %	Financing company
Monsoon Holdings Limited*	England and Wales	'A' Ordinary Shares	100 %	Holding company
Monsoon Accessorize Limited*	England and Wales	Ordinary Shares	100 %	Retailing of clothing and accessories
Monsoon Accessorize (Asia) Limited*	Hong Kong	Ordinary Shares	100 %	Retailing of clothing and accessories
Monsoon Accessorize GmbH*	Germany	Ordinary Shares	100 %	Retailing of clothing and accessories
Monsoon Accessorize (SARL)*	France	Ordinary Shares	100 %	Retailing of clothing and accessories
SIA Monsoon Accessorize Latvia*	Latvia	Ordinary Shares	100 %	Retailing of clothing and accessories
PlusCom Trade OU*	Estonia	Ordinary Shares	100 %	Retailing of clothing and accessories
Monsoon Accessorize Ireland (Holdings) Limited*	Ireland	Ordinary Shares	100 %	Holding company
Monsoon Accessorize Ireland Limited*	Ireland	Ordinary Shares	100 %	Retailing of clothing and accessories
Monsoon Accessorize Norway AS*	Norway	Ordinary Shares	100 %	Retailing of clothing and accessories
Accessorize Limited*	England and Wales	Ordinary Shares	100 %	Dormant
Nottingdale Services Limited*	England and Wales	Ordinary Shares	100 %	Dormant
Monsoon Children Limited*	England and Wales	Ordinary Shares	100 %	Dormant
Monsoon Accessorize Poland Sp. z o.o., Poland*	England and Wales	Ordinary Shares	100 %	Retailing of clothing and accessories

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**19. FIXED ASSET INVESTMENTS (CONTINUED)**

\* Investment held indirectly

Accessorize Limited and Nottingdale Services Limited were incorporated on 8 January 2016.

Monsoon Children Limited was incorporated on 31 March 2016.

Monsoon Co-ordination Services Limited was dissolved on 11 December 2015.

Monsoon Accessorize Spain SL was dissolved on 3 February 2016. The carrying value of the Group's investment in Monsoon Accessorize Spain SL had been written down to £nil in previous periods.

**Company**

	<b>Investments in subsidiary companies £000</b>
<b>COST</b>	
At 30 August 2015 and at 27 August 2016	<b>959,837</b>
<b>IMPAIRMENT</b>	
At 30 August 2015 and at 27 August 2016	<b>452,151</b>
<b>NET BOOK VALUE</b>	
At 27 August 2016	<b>507,686</b>
At 29 August 2015	<b>507,686</b>

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**19. FIXED ASSET INVESTMENTS (CONTINUED)**

The Company holds 3,359,254 preference shares of Japanese Yen 10,000 each in Monsoon Japan Limited, a company incorporated in England and Wales.

In accordance with FRS102 Section 27 'Impairment of Assets' the directors undertook an impairment review of the carrying value of investments in Drillgreat Limited by comparing the carrying value of fixed assets as at 27 August 2016 with the 'recoverable' amount, that is the higher of its fair value less costs to sell and its 'value in use'. Value in use is defined as the present value of future cash flows obtainable as a result of the assets continued use.

The assumptions used in assessing value in use were based on the Group's internal forecasts. The Group projected revenue, EBITDA and cash flows for a period of three years and applied a perpetual long-term growth rate of 2.25% thereafter. The Group assumed a pre tax discount rate of 14% to calculate the present value of its projected cash flows, based on the Capital Asset Pricing Model adjusted to reflect risks associated with the retail sector.

Based on calculation of value in use, no impairment has been recorded in the carrying value of Drillgreat Limited's investment in the Monsoon Group (2015: £282,169k).

**20. STOCKS**

	<b>Group 27 August 2016 £000</b>	<b>Group 29 August 2015 £000</b>	<b>Company 27 August 2016 £000</b>	<b>Company 29 August 2015 £000</b>
Finished goods and goods for resale	<b>64,318</b>	58,108	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock purchases recognised in cost of sales during the period as an expense was £162,423k (2015: £174,662k).

As at 27 August 2016 a provision of £1,995k (2015: £3,519k) was recognised for slow-moving and obsolete stock. The movement in the provision was recognised in cost of sales.

There is no material difference between the replacement cost of stock and the amounts stated above.

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DRILLGREAT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016

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21. DEBTORS

	<b>Group 27 August 2016 £000</b>	<b>Group 29 August 2015 £000</b>	<b>Company 27 August 2016 £000</b>	<b>Company 29 August 2015 £000</b>
<b>DUE AFTER MORE THAN ONE YEAR</b>				
Other debtors	1,370	1,340	-	-
Deferred tax asset	5,061	4,908	8	-
	<b>6,431</b>	<b>6,248</b>	<b>8</b>	<b>-</b>
<b>DUE WITHIN ONE YEAR</b>				
Trade debtors	17,337	22,292	-	-
Amounts owed by group undertakings	-	-	26,522	23,849
Corporation tax recoverable	-	1,472	-	755
Other debtors	5,118	3,414	-	-
Prepayments and accrued income	27,243	27,620	-	-
Financial instruments	1,825	-	-	-
	<b>57,954</b>	<b>61,046</b>	<b>26,530</b>	<b>24,604</b>

22. CASH AND CASH EQUIVALENTS

	<b>Group 27 August 2016 £000</b>	<b>Group 29 August 2015 £000</b>	<b>Company 27 August 2016 £000</b>	<b>Company 29 August 2015 £000</b>
Cash at bank and in hand	53,418	50,151	1,191	1,187

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**23. CREDITORS: Amounts falling due within one year**

	<b>Group 27 August 2016 £000</b>	<b>Group 29 August 2015 £000</b>	<b>Company 27 August 2016 £000</b>	<b>Company 29 August 2015 £000</b>
Other loans	500	500	-	-
Supplier finance	14,865	13,124	-	-
Trade creditors	56,463	49,736	-	-
Amounts owed to group undertakings	-	-	239,103	235,825
Corporation tax	761	-	-	-
Taxation and social security	9,729	8,336	-	-
Other creditors	18,065	22,600	-	-
Accruals and deferred income	35,878	33,563	41	4
Financial instruments	-	190	-	-
	<b>136,261</b>	<b>128,049</b>	<b>239,144</b>	<b>235,829</b>

**24. CREDITORS: Amounts falling due after more than one year**

	<b>Group 27 August 2016 £000</b>	<b>Group 29 August 2015 £000</b>	<b>Company 27 August 2016 £000</b>	<b>Company 29 August 2015 £000</b>
Other loans	1,198	1,085	-	-

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**25. LOANS**

	<b>Group 27 August 2016 £000</b>	<b>Group 29 August 2015 £000</b>	<b>Company 27 August 2016 £000</b>	<b>Company 29 August 2015 £000</b>
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Other loans	<b>500</b>	500	-	-
	<b>500</b>	500	-	-
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>				
Other loans	<b>1,198</b>	1,085	-	-
	<b>1,198</b>	1,085	-	-
	<b>1,698</b>	1,585	-	-

As at 27 August 2016 an unsecured long-term loan of £1,698k (2015: £1,585k) was owed by Monsoon Accessorize Norway AS to Monsoon Holdings (Jersey) Limited, a company incorporated in Jersey, which is the immediate parent undertaking of the Group. The amount of £500k (2015: £500k) is repayable within one year (note 23) and £1,198k (2015: £1,085k) is repayable after one year. The interest charged on the loan is 6% above LIBOR.

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**26. FINANCIAL INSTRUMENTS**

	<b>Group 27 August 2016 £000</b>	<b>Group 29 August 2015 £000</b>	<b>Company 27 August 2016 £000</b>	<b>Company 29 August 2015 £000</b>
<b>FINANCIAL ASSETS</b>				
Financial assets measured at fair value through profit or loss	<b>1,825</b>	-	-	-
Financial assets that are debt instruments measured at amortised cost	<b>77,243</b>	77,197	<b>27,713</b>	25,036
	<b>79,068</b>	77,197	<b>27,713</b>	25,036
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at amortised cost	<b>(126,969)</b>	(120,608)	<b>(239,143)</b>	(235,829)
Financial assets measured at fair value through profit or loss	-	(190)	-	-
	<b>(126,969)</b>	(120,798)	<b>(239,143)</b>	(235,829)

Financial assets measured at fair value through profit or loss comprise forward foreign exchange contracts.

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors, intercompany balances (company only).

Financial liabilities measured at amortised cost comprise Bank loans and other loans, trade creditors, other creditors, accruals, intercompany balances (company only).

Financial liabilities measured at fair value through profit or loss comprise forward foreign exchange contracts.

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**27. DEFERRED TAXATION**

	<b>Group 27 August 2016 £000</b>	<b>Group 29 August 2015 £000</b>	<b>Company 27 August 2016 £000</b>	<b>Company 29 August 2015 £000</b>
At beginning of period	4,908	5,732	-	-
Credit/(charged) to the statement of comprehensive income	729	(1,176)	(26)	-
Effect of change in tax rate on opening liability	(538)	32	-	-
Adjustments in respect of prior periods	(75)	(430)	34	-
Exchange rate differences	37	100	-	-
Deferred tax on disposal of subsidiary	-	650	-	-
	<b>5,061</b>	<b>4,908</b>	<b>8</b>	<b>-</b>

Deferred tax asset of £5,061k (2015: £4,908k) is included in debtors on the balance sheet. The amounts recognised for deferred taxation, which represent the full potential deferred tax asset, are set out below.

	<b>Group 27 August 2016 £000</b>	<b>Group 29 August 2015 £000</b>	<b>Company 27 August 2016 £000</b>	<b>Company 29 August 2015 £000</b>
Decelerated capital allowances	3,999	2,307	-	-
Other timing differences	523	2,601	8	-
Tax losses	539	-	-	-
	<b>5,061</b>	<b>4,908</b>	<b>8</b>	<b>-</b>

The Group has an unrecognised deferred tax asset of £299k (2015: £715k) in respect of capital losses and unrecognised deferred tax asset of £3,014k (2015: £3,229k) in respect of trading losses from overseas subsidiaries. In accordance with the Group accounting policy for deferred tax the asset is not being recognised since it is not probable that suitable chargeable gains will arise which would enable the losses to be utilised.

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**28 PROVISIONS**

**Group**

	<b>Property provisions £000</b>
At 30 August 2015	9,570
Additions in period	4,494
Amounts reversed	(3,321)
Differences in foreign exchange	463
Utilised in period	(2,546)
<b>AT 27 AUGUST 2016</b>	<b>8,660</b>

Property provisions relate to onerous and vacant property leases and provisions for terminal dilapidations. Onerous and vacant property lease provisions are based on the present value of future cash outflows relating to future rentals or estimated least cost of exiting.

The Company has no provisions.

**29. SHARE CAPITAL**

	<b>27 August 2016 £000</b>	<b>29 August 2015 £000</b>
<b>Shares classified as equity</b>		
<b>Authorised</b>		
250,000,000 Ordinary shares of £0.10 each	<b>25,000</b>	25,000
<b>Allotted, called up and fully paid</b>		
134,454,896 (2015 - 134,454,896) Ordinary shares of £0.10 each	<b>13,445</b>	13,445

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**30. RESERVES**

**Share premium**

The share premium reserve relates to amounts paid for share capital in excess of nominal value.

**Foreign exchange reserve**

Foreign exchange reserve relates to exchange differences arising on translating the opening net assets of overseas operations at opening rate and the results of overseas operations at actual rate.

**Profit & loss account**

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

**31. PENSION COMMITMENTS**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits for this scheme represents the contributions payable to the scheme in respect of the accounting period totalled £698k (2015: £705k). At the year end £130k was unpaid and accrued (2015: £157k).

**32. COMMITMENTS UNDER OPERATING LEASES**

At 27 August 2016 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 27 August 2016 £000</b>	<b>Group 29 August 2015 £000</b>
<b>Retail Stores</b>		
Not later than 1 year	<b>61,385</b>	66,806
Later than 1 year and not later than 5 years	<b>143,086</b>	157,387
Later than 5 years	<b>69,164</b>	65,059
	<b>273,635</b>	289,252

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DRILLGREAT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016

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	Group 27 August 2016 £000	Group 29 August 2015 £000
<b>Head Office and Distribution</b>		
Not later than 1 year	6,225	4,990
Later than 1 year and not later than 5 years	24,948	20,000
Later than 5 years	50,441	43,608
	<u>81,614</u>	<u>68,598</u>

The company has no operating lease commitments.

**33. OTHER FINANCIAL COMMITMENTS**

Bank guarantees

There is a bank guarantee in favour of HM Customs and Excise to cover a duty deferment facility. As at 27 August 2016 this amounted to £3,000k (2015: £3,000k).

Capital Commitments

	Group 27 August 2016 £000	Group 29 August 2015 £000
Contracted but not provided for in the financial statements	1,534	2,777
	<u>1,534</u>	<u>2,777</u>

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## DRILLGREAT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 AUGUST 2016

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#### 34. RELATED PARTY TRANSACTIONS

In accordance with FRS102 s.33. 1A: Related Party Disclosures, the Company is exempt from disclosing transactions with entities that are part of the Drillgreat Limited Group as related parties, as it is a parent undertaking publishing consolidated financial statements. The following other related party transactions occurred during the period.

(i) Ibiza Franchise

The franchise partner for Ibiza is Camilla Simon, daughter of Peter Simon. During the year the Group invoiced the franchisee £117k (2015: £130k) for stock, £11k (2015: £24k) for non stock, £10k (2015: £10k) for distribution charges and £9k (2015: £58k) for royalties. The creditor balance at 27 August 2016 was £5k (2015: debtor £26k).

(ii) Adena property Investments Inc

The Monsoon Group leases its head office at 1 Nicholas Road, London at an annual rent of £4,994k (2015: £3,758k) from Adena property Investments Inc. Rent increased from £3,758k to £4,994k in March 2016. During the period the Group paid rent of £4,406k (2015: £3,758k). The Group also leases Studio Building at 1st Floor, 21 Evesham Street, London at an annual rent of £65k (2015: £65k) from Adena property Investments Inc. During the period the Group paid rent of £65k (2015: £65k). The annual rent is based on an independent assessment. Adena property Investments Inc is owned by Peter Simon. The combined creditors balance as at 27 August 2016 was £247k (2015: £nil).

(iii) Balmain Invest & Trade Inc

Balmain Invest & Trade Inc, the ultimate holding company, provides consultancy services to the Group to support global operations and international brand development. Consulting fees of £615k (2015: £1,011k) were charged during the year. The creditor balance at 27 August 2016 was £150k (2015: £195k).

(iv) Monsoon Holdings (Jersey) Limited

As at 27 August 2016 an unsecured loan of £1,698k (2015: £1,585k) was owed by the Group to Monsoon Holdings (Jersey) Limited, a company incorporated in Jersey, which is the immediate parent undertaking of the Group.

(v) Veter LLC

During the year an amount of £1,535k (2015: £6,690k) was invoiced to Veter LLC for stock, royalties and other services. Veter LLC is an indirect subsidiary of Monsoon Holdings (Jersey) Limited. The debtor balance as at 27 August 2016 is £nil (2015: £2,460k). Debt owed by Veter LLC amounting to £921k (2015: £nil) was written off during the year.

(vi) Monsoon Accessorize Trading (Shanghai) Limited

During the year an amount of £nil (2015: £169k) was invoiced to Monsoon Accessorize Trading (Shanghai) Limited for stock and other services. Monsoon Accessorize Trading (Shanghai) is an indirect subsidiary of Monsoon Holdings (Jersey) Limited. The debtors balance as at 27 August 2016 is £nil (2015: £nil).

(vii) Mafa LLC

During the year an amount of £14,033k (2015: £nil) was invoiced to Mafa LLC for stock, royalties and other services. Mafa LLC is a joint venture within Monsoon Holdings (Jersey) Limited group. The debtor balance as at 27 August 2016 is £3,328k (2015: £nil).

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**35. ULTIMATE PARENT UNDERTAKING**

At 27 August 2016, Drillgreat Limited, was the holding company of the largest and smallest Group for which group financial statements were prepared. The Group financial statements of Drillgreat Limited may be requested from the registered office.

**36. POST BALANCE SHEET EVENTS**

Details of Post Balance Sheet Events are outlined in the Directors Report on page 10.

**37. CONTROLLING PARTY**

As at 27 August 2016 the Directors consider that Peter Simon, in his capacity as beneficial owner of 100 per cent of the shares in Balmain Invest & Trade Inc., to be the ultimate controlling party of the Group.

DRILLGREAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016

37. FIRST TIME ADOPTION OF FRS 102

The Group and Company transitioned to FRS 102 from previously extant UK GAAP as at 31 August 2014. The impact of the transition to FRS 102 is as follows:

Group

		As previously stated 31 August 2014 £000	Effect of transition 31 August 2014 £000	FRS 102 (as restated) 31 August 2014 £000	As previously stated 29 August 2015 £000	Effect of transition 29 August 2015 £000	FRS 102 (as restated) 29 August 2015 £000
	Note						
Fixed assets		422,672	-	422,672	261,716	-	261,716
Current assets	3	205,900	2,590	208,490	167,313	1,992	169,305
Creditors: amounts falling due within one year	1, 2	(137,298)	(12,937)	(150,235)	(118,035)	(10,014)	(128,049)
<b>NET CURRENT ASSETS</b>		<b>68,602</b>	<b>(10,347)</b>	<b>58,255</b>	<b>49,278</b>	<b>(8,022)</b>	<b>41,256</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>491,274</b>	<b>(10,347)</b>	<b>480,927</b>	<b>310,994</b>	<b>(8,022)</b>	<b>302,972</b>
Creditors: amounts falling due after more than one year		-	-	-	(1,085)	-	(1,085)
Provisions for liabilities		(7,241)	-	(7,241)	(9,570)	-	(9,570)
<b>NET ASSETS</b>		<b>484,033</b>	<b>(10,347)</b>	<b>473,686</b>	<b>300,339</b>	<b>(8,022)</b>	<b>292,317</b>
Capital and reserves		484,033	(10,347)	473,686	300,339	(8,022)	292,317

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**DRILLGREAT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 27 AUGUST 2016**

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**37. FIRST TIME ADOPTION OF FRS 102 (CONTINUED)**

	<b>Note</b>	<b>As previously stated 29 August 2015 £000</b>	<b>Effect of transition 29 August 2015 £000</b>	<b>FRS 102 (as restated) 29 August 2015 £000</b>
Turnover		464,973	-	<b>464,973</b>
Cost of sales		(210,096)	-	<b>(210,096)</b>
<b>GROSS PROFIT</b>		<b>254,877</b>	<b>-</b>	<b>254,877</b>
Administrative expenses	1, 2	(266,856)	2,906	<b>(263,950)</b>
Goodwill amortisation and impairment		(150,822)	-	<b>(150,822)</b>
Total administrative expenses		(417,678)	2,906	<b>(414,772)</b>
Other operating income		5,747	-	<b>5,747</b>
Profit on disposal of subsidiaries		1,924	-	<b>1,924</b>
<b>OPERATING LOSS</b>		<b>(155,130)</b>	<b>2,906</b>	<b>(152,224)</b>
Interest receivable and similar income		82	-	<b>82</b>
Interest payable and similar charges		(86)	-	<b>(86)</b>
Taxation	3	(1,122)	(581)	<b>(1,703)</b>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL PERIOD</b>		<b>(156,256)</b>	<b>2,325</b>	<b>(153,931)</b>

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## DRILLGREAT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 AUGUST 2016

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#### 37. FIRST TIME ADOPTION OF FRS 102 (CONTINUED)

Explanation of changes to previously reported profit and equity:

1. Under applicable UK accounting standards foreign exchange forward contracts were not included on the balance sheet at their fair value. Instead, the company applied the rate in the forward exchange contract to record the related expenditure and the liability outstanding at the reporting date for that expenditure.

In accordance with FRS102 the foreign exchange forward contract is a derivative financial instrument which is required to be carried at fair value, with changes in fair value being recognised in the statement of comprehensive income.

The effect of this resulted in a £2,305k financial liability being recognised on the balance sheet in 2014. In 2015, the financial liability decreased by £2,115k to £190k recognising in a £2,115k credit through Statement of Comprehensive Income.

2. FRS 102 effectively requires that the benefit of lease incentives received on entering into new leases be spread over the lease term. Under previous UK GAAP these incentives were spread over the period to the next market rent review. This has resulted in a reduction in brought forward reserves and in a reduction in the rental expense going forward.

The effect of this adjustment on 2014 accounts resulted in an increase of a rent free creditor of £10,632k and an increase of a rent free debtor relating to sublet properties of £4k. A net charge of £10,628k was recognised in the transition balance sheet date.

In 2015, the impact of the FRS 102 adjustment resulted in a decrease of £808k in the rent free creditor and a decrease of £17k in the rent free debtor. This resulted in a net credit to the Statement of Comprehensive Income of £791k.

3. As a result of the above restatements a deferred tax asset of £2,586k was recognised in 2014 accounts. In 2015, the deferred tax asset was reduced by £581k to £2,005k.

#### Company

The policies applied under the Company's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.