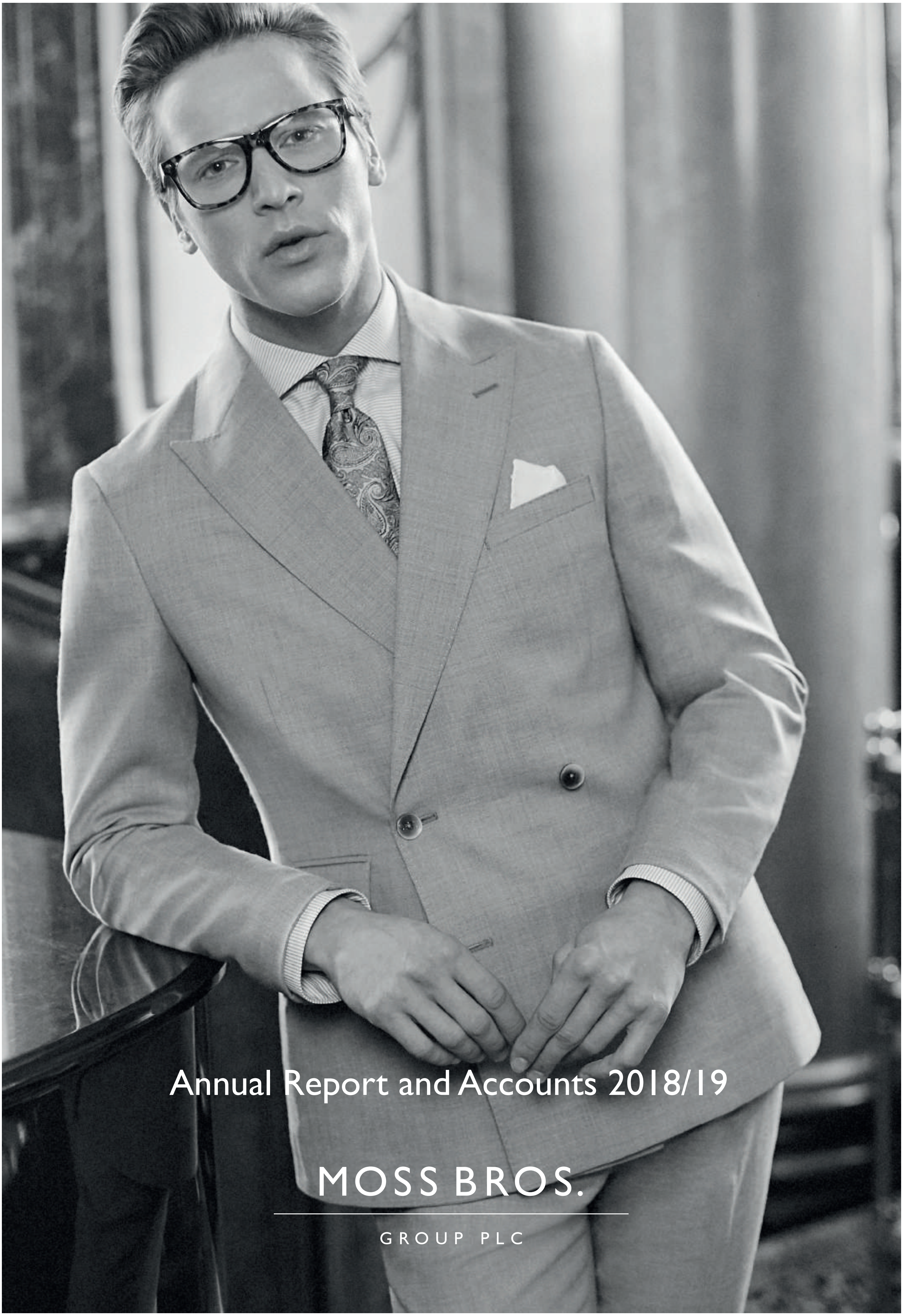

Annual Report and Accounts 2018/19

MOSS BROS.

GROUP PLC

DIRECTORS AND ADVISERS

CHAIRMAN
Debbie Hewitt MBE

EXECUTIVE DIRECTORS
Brian Brick Chief Executive
Tony Bennett Finance Director

NON-EXECUTIVE DIRECTORS
Maurice Helfgott Senior Independent Non-Executive Director
Zoe Morgan Independent Non-Executive Director
Alex Gersh Independent Non-Executive Director
Gareth Jones Independent Non-Executive Director
Colin Porter Independent Non-Executive Director

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COMPANY REGISTRATION NUMBER
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CONTENTS

HEADLINES

FINANCIAL HEADLINES

- Total Group revenue, excluding VAT, was down 2.1% on the previous year at £129.0m (2017/18: £131.7m).
- Group like-for-like* sales of £140.2m, including VAT, down 4.3% (2017/18: up 1.6%):
  - Like-for-like* retail sales including e-commerce down 3.6% (2017/18: up 2.9%)
  - Like-for-like* hire sales down 9.3% (2017/18: down 6.2%)
- E-commerce sales including VAT up 19.6% (2017/18: up 13.5%) now represent 14.5% of total sales (2017/18 12.0%)
- Adjusted**** loss before tax of £0.4m (2017/18: profit before tax £6.7m restated***).
- Statutory loss before tax of £4.2m after adjusting items of £3.8m, including store fixed asset impairment charges and dilapidation provisions of £2.6m and reorganisation and employee related charges of £1.2m (2017/18: Profit £6.7m restated***).
- Adjusted EBITDA** of £6.6m (2017/18: EBITDA** £13.3m restated***), impacted by lower retail store sales, weaker sterling and significant cost headwinds. Mitigating actions have been taken and are gaining traction.
- Gross margin 2.3% lower at 57.5% (2017/18: 59.8%), due to both the impact of the weaker pound during the first half and our proactive response to competitor discounting during the second half.
- Average lease length across the store portfolio is 50 months (2017/18: 55 months) and 33 months (2017/18: 38 months) to next break option, providing flexibility within our store portfolio.
- Ongoing strong cash position of £10.9m (27 January 2018: £17.5m) through close management of working capital, and after the recovery of our stock position by £2.0m, a further £6.2m of capital investment across the business, and a dividend payment of £3.5m.
- Cash generated from operating activities of £3.0m (2017/18: £12.6m).
- Basic earnings per share of -3.83 pence (2017/18: 5.33 pence).
- Given the volatile trading environment, the Board is not recommending a final dividend payment, to give the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet. The total dividend for the year is 1.5 pence per share (2017/18: total dividend 4.0 pence). We will review our Dividend Policy throughout the year, considering the overall yield, balanced against the wider investment needs of the business.

OPERATIONAL COMMENTARY

- A challenging year impacted by a range of both internal and external factors:
  - in the first half, early season stock shortages in spring 2018 caused significant trading issues, which were fully resolved by April 2018. However, footfall was then significantly impacted by a combination of abnormally cold and then hot weather and sporting event success distracting customers from shopping across the summer.
  - in the second half, particularly post Black Friday the Group saw positive customer responses to deeper discounting as we actively sought to ensure we maintained our 'share of voice' in an increasingly promotion driven marketplace. Gross profit was however impacted as a result.
- Benefits were realised from ongoing investment in driving our e-commerce channel, through increased personalisation and more targeted customer acquisition and retention programmes. E-commerce channel performance now contributes materially more to overall revenue than the prior year.
- 'Tailor Me' custom tailoring service increased in volume and value in our stores and we continue to grow the presence of Moss own brands on online retail marketplaces.
- The UK retail environment continues to be highly volatile with the combined challenge of weak consumer demand and substantial external cost headwinds.

CURRENT TRADING

- Trading performance has strengthened overall in the first 8 weeks of the new financial year, but remains volatile.
- Total sales are up 3.6% on last year, driven by growth in e-commerce and wholesale channels and the benefit of no recurrence of last year's stock issues.
- Retail like-for-like* sales including e-commerce, including VAT, in the first 8 weeks of the new financial year are up 3.9%.
- E-commerce sales, including VAT, in the first 8 weeks of the year are up 20.1%, demonstrating a continuation of the strong performance seen during 2018/19.
- Hire like-for-like*, reported on a 'cash taken' basis, was down 13.4% in the first 8 weeks of the year. Hire sales continue to be challenging, although Hire peak season is still to come.
- Early responses to the Spring/Summer 2019 ranges across Retail have been positive.

* Like-for-like (including VAT) represents financial information for e-commerce and stores open during both the current and prior financial periods and compares 52 weeks against 52 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held.

** Adjusted EBITDA is EBITDA (earnings before interest, tax, depreciation, amortisation) and adjusting items as set out in note 30.

*** FY 2017/18 has been restated to reflect the adjustment resulting from the implementation of IFRS15 – Revenue from Contracts with Customers as detailed in note 3.

**** Adjusting items are set out in note 30. There were no adjusting items in FY 2017/18.

CHAIRMAN'S STATEMENT

It's been a challenging year for the Company, but one where we have remained committed to investing in and enhancing our specialist credentials as 'the first choice for men's tailoring'. Although we fully resolved all of the stock issues that the business faced in the first half of the year with our supplier consolidation, external factors such as the World Cup and extremely hot weather significantly dented anticipated footfall. External cost headwinds and a more fragile consumer market throughout the period also led to a fall in gross margin rates. As a result, the business reported a reduction in its full year profit before tax, recording a small adjusted loss before tax of £0.4m, compared with a profit of £6.7m restated*** in the previous year. Adjusted EBITDA ** declined to £6.6m, compared with £13.3m restated*** in the previous year.

In spite of the tough external environment, we took the decision to continue to invest in our brands, making progress in the fundamental elements that positively differentiate us and the development of new propositions such as Tailor Me. Whilst total sales fell by 2.1% year on year, there was an improving trend in the fourth quarter. Total like-for-like* sales including VAT reflected an overall decrease of 4.3% on the prior year. Like-for-like retail sales, including e-commerce, were 3.6% lower than the previous year, but again on an improving trend.

Physical stores, notably those in the most high-profile retail locations, underperformed as a result of reduced footfall. More positively, the strong momentum of our e-commerce channel, up 19.6% on the year, was maintained throughout the period. E-commerce sales generated 14.5% of Group revenue (up from 12.0% last year) during the period and have performed consistently well across the year. Hire sales, which account for less than 11.5% of Group revenue, were 9.3% lower on a like-for-like* basis.

Overall, trading gross margins fell by 2.3% compared to last year, as a result of a combination of increased promotional activity, particularly from late October onwards, exchange rate impact during the first half and a favourable exchange rate variance during the second half versus the same period last year.

Although the retail environment continued to be one of the most competitive we have seen for some time, we remained focused on our multi-branded and segmented pricing architecture. We continued to modernise our offer and maintain our relevance in the suit market. A number of small competitors and a large departmental store went into administration and although this provided short term challenges with heavy promotional discounting in local areas to clear stock, this will provide an opportunity to grow share in the medium term.

We continued to face previously highlighted external cost pressures in 2018, including increases in the National Living Wage, the National Minimum Wage, the Apprenticeship Levy, the revaluation of business rates, higher energy taxes and increased purchasing costs due to the combined effects of a devalued pound and commodity inflation. We have carefully managed our cost base throughout the year but took the decision to continue to invest in our brands and product proposition, to ensure that we remain both relevant and competitive for our customers.

The core Moss Bros master brand continues to grow its share, as do each of our supporting sub-brands of Moss London, Moss 1851, and Moss Esq, with Moss 1851 achieving over 10% growth, expanding the reach of our most sophisticated own brand. Tailor Me is now available across our entire estate and we have grown sales of Tailor Me by 15.9% in the last 12 months.

We opened a further two new stores this year in Westfield London and Icon at the O2. One store was relocated in Oxford and we closed one marginal store in Ilford. The total estate is now 129 outlets (128 outlets in January 2018) and the average lease length is 50 months compared with 55 months at

* Like-for-like represents financial information for stores open during both the current and prior financial periods and compares 52 weeks against 52 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire sales are calculated on cash receipts in the period, before adjustment for the movement in the level of hire deposits held.

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CHAIRMAN'S STATEMENT

CONTINUED

January 2018. We have completed our store refit programme this year, with 3 refits, which means the majority of our store estate has been modernised over the last six years. This increased investment has impacted cash in the short term and we turn our attention now to maintaining and refining our estate to reflect the more premium positioning of our brands amongst our target customers.

We added to our management talent with the recruitment in November 2018 of a new Retail Operations Director, Ian Shaw, who joined us from T.M. Lewin and a new People Director, Jacqueline Lunardi, who joined us from Hugo Boss. Both bring strong customer and people focus. We have also proactively managed Board succession throughout the year. Bryan Portman stepped down from the Board as a Non-Executive Director and Chairman of the Audit Committee at the AGM and was replaced by Alex Gersh, who was the CFO of FTSE 100 listed business Paddy Power Betfair Group. Zoe Morgan announced her decision to step down from the Board as Non-Executive Director and Chairman of the Remuneration Committee at the AGM in May 2019. We announced her successor, Gareth Jones, who joined us as Non-Executive Director in January 2019. Gareth is the CEO of online retailer Musclefood. Prior to that he was the CEO Online at Missguided and before that the Deputy CEO and COO of e-tailer Shop Direct. He brings strong digital and online experience, broad strategic, brand and commercial skills, and International consumer insight. He will become Chair of the Remuneration Committee in May 2019.

After 10 years with the Company and just over nine as Chairman, I announced my own intention to step down from the Board at the AGM in May 2019. We are delighted to have announced that Colin Porter will succeed me as Chairman, joining the Board on the 18th March, initially as a Non-Executive Director, but then stepping up to Chair the Company with effect from the AGM in May 2019. Colin is the CEO of Joules plc, where, since 2010, he has led the development of the business through a successful international multichannel strategy, growing both sales and profits. He oversaw the successful IPO of the business on to AIM in May 2016 and has since continued to create substantial shareholder value. Prior to his role at Joules, he has held various senior management roles in the retail sector. As well as his proven multi-channel experience, Colin brings broad strategic international, retailing skills.

Although we expect the trading environment for the business in 2019 to remain challenging, we are confident that momentum will improve as our product and service initiatives take effect. The team continues to apply strong cash and working capital controls and the business continues to be debt free. The Group maintained a healthy cash balance following the one-off investment of £2.0m in recovering the stock position and has concluded the 2018/19 year with cash of £10.9m (£17.5m as at 27 January 2018).

Given the volatile trading environment, the Board is not recommending a final dividend payment, to give the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet. The total dividend for the year is 1.50 pence per share. We will review our Dividend Policy throughout the year, considering the overall yield, balanced against the wider investment needs of the business. We remain debt free, with a strong balance sheet and are confident in our ability to deliver enhanced returns to our shareholders over the longer term.

Finally, I would like to recognise the fact that we differentiate ourselves through the highest levels of customer service, which is the result of the hard work and commitment of all of our people. I would like to thank them all for their continued contribution to the Group and particularly for their engagement with and support of me throughout my tenure.

DEBBIE HEWITT
CHAIRMAN
5 April 2019

STRATEGIC REVIEW

OVERVIEW

Moss Bros Group PLC ("the Group") retails and hires formal wear for men, predominantly in the UK. By drawing upon our 168 years of tailoring experience, we provide in-depth suiting knowledge and expertise – adapting the latest trends whilst staying true to our heritage. As a brand we inspire and guide, helping 'men feel amazing' whatever the occasion. We aim to be the first choice for men's tailoring.

Our customers value the Moss Bros brand for its expertise, heritage, product quality and value for money. We operate under the following sub-brands, each targeting a different area of the menswear market:

- **Moss London** – Slim fit styles targeted at younger, style conscious customers
- **Moss 1851** – Great quality suits with a tailored fit for business and leisure
- **Moss Esq.** – Great value suits for everyday wear with regular fit

OUR MARKET

We reach our customers through 129 stores, the majority of which are located across the UK and Eire and through our website offering. We primarily operate in the UK market, but our international presence is reflected through our website, which has local versions for the United States of America and the Republic of Ireland. We also operate with a franchise partner in two locations in the Middle East. Revenues derived from outside of the UK amount to less than 4% of total revenue.

Our retail operation offers a range of versatile menswear from our own brands and those of carefully selected third party luxury brands. We also offer a bespoke tailoring service 'Tailor Me'. Retail and e-commerce combined makes up the majority of our revenues at 88%, within that, 14.5% of the total sales come via our website.

We are also somewhat unique in the clothing retail sector, by having a market leading hire service, offering suit and accessory hire for special occasions such as weddings, black tie and race day events. Our hire service accounts for c. 11.5% of our total revenue.

CURRENT STRATEGY

The Group operates mainly through Moss Bros branded mainstream stores and a website, promoting a number of own branded sub brands and third-party brands. The Group also trades through the premium Savoy Taylors Guild fascia in a small number of locations, where there is a historical link in areas such as the Strand in London.

The Group's vision is to be the 'first choice for men's tailoring' through creating a multi-channel (or 'omni-channel') menswear business focused on our target customer groups. There are three pillars to this strategy:

1) Develop and grow the Moss Bros master brand and complementary sub-brands.
2) Achieve full omni-channel capability, so that customers can shop seamlessly across all channels (stores and e-commerce).
3) Deliver a consistently outstanding customer experience across all channels, through great service and great environments.

A key objective of our omni-channel pillar is to provide to all customers a number of ways to shop. We gain significant business benefit from our single customer database, which underpins our customer relationship management ("CRM") opportunities within the business. Our online performance continues to grow, with significant increases in conversion rates and sales, driven by the ongoing development of our website technology and a better understanding of our various customer segments, enabling us to personalise our communications with each customer. There are also opportunities to reach new customer groups via the sale of Moss Bros branded products through third party platforms.

STRATEGIC REVIEW

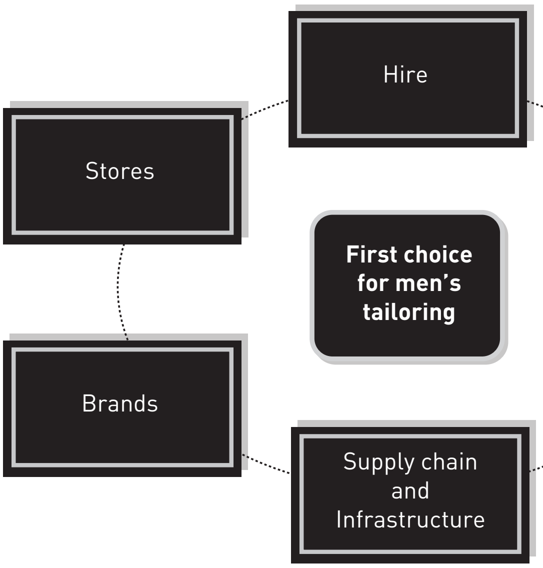
CONTINUED

Retail stores remain vital to our overall proposition in terms of enabling our well-trained tailoring experts to fully serve our customers, offering style and fit advice and with the ability to introduce store customers to our wider product ranges, which have traditionally only been available online. Stores also facilitate 'click & collect' and 'click & return' transactions with ease.

In parallel with operational improvements, we have continued to review the positioning of the Moss Bros brand with current and potential customers and the overall perceived value of the offering. The concept of Moss Bros for Hire, Ready to Wear or Tailor Me underpins our vision to be 'the first choice for men's tailoring'.

OMNI-CHANNEL BUSINESS MODEL

The diagram below sets out the areas we see as key to achieving our ambition of being the first choice for men's tailoring.



BRANDS

Our stores trade Moss Bros own brands and carefully selected third party brands including Hugo Boss, Canali, Ted Baker, DKNY and French Connection, where the store profile demonstrates a demand for this type of product. The vast majority of the stores also have a Moss Bros Hire 'store within a store' operation within them.

STORES

There are 106 Moss Bros stores (2017/18: 106) and 23 Moss Bros outlet stores (2017/18: 22) as at 26 January 2019. Our stores allow our staff to interact with our customers to demonstrate our tailoring expertise and showcase our products and hire services in the best possible environment. Our stores are an important part of our omni-channel strategy.

We consider that stores will remain important to our overall proposition and recognise that there are a number of value adding opportunities, such as styling advice or alterations, which may be more easily facilitated in person. We also recognise however that the retail world is changing and we will ensure that we maintain sufficient flexibility in our store lease portfolio to enable us to react in a timely manner to future changes.

Our stores complement our online offering by allowing e-commerce customers to check fitting before making a purchase online, or providing a free collection service for online orders, which brings increased footfall into our stores.

HIRE

Moss Bros Hire is the market leader in the UK hire market and the number one recognised name for hire. We had 125 Moss Bros Hire outlets as at 26 January 2019 (2017/18: 125); all contained within core Moss Bros Retail and Savoy Taylors Guild stores.

There has been a downward trend in the formality of morning wear but an increase in the hire of more relaxed products such as lounge suits. Although the latter does not compensate in volume terms, the development of our product offer has given us a competitive edge, which we continue to leverage. We will continue to invest in this product development where we consider it necessary, although the major repositioning into loungewear was substantially completed in 2018.

The gross margin for Hire has seen a decline in recent years, as a result of improvements in quality assurance and more thorough garment finishing within the dry cleaning process, along with the shorter life of finer fabrics used for our most contemporary Hire ranges. This investment has improved the customer experience and underpins the core proposition of the Hire business.

E-COMMERCE

The delivery of our omni-channel strategy is a critical pillar of our future growth, and our e-commerce offering is part of this.

During 2018 we further developed our online capabilities and added additional investment in both new customer acquisition and the extension of our segmentation and customer communication resources to deliver more targeted and relevant interactions with our customers. We have also created a programme to ensure that both online dominant and retail store dominant customers are addressed appropriately within our communications to each of them. Our international reach remains focused on local currency websites in the USA and the Republic of Ireland.

Our transactional Hire website continues to grow with 'group booking' and 'my outfit' functionality gaining traction.

PEOPLE

In order that our people throughout the business are inspired and motivated to work to achieve the strategy and objectives of the business, we continue to deliver our initiative to articulate these to the wider business. The initiative, titled 'The Moss Bros Way' is centred on four themes:

- Proud to Sell
- Customer for Life
- Passionate Experts
- Winning Teams

At Moss Bros our employees are central to our success as each employee brings a unique set of skills, strengths and experiences to their role and this diversity shapes our company and its culture. To support this further, we have introduced initiatives over the last 12 months to ensure that on a continuous basis, everyone can contribute ideas and express their opinions.

The need for talented and committed people across all areas of the Group requires a continuing focus; particularly given the tough trading conditions for retail and the changing workforce demographics, with a rise in part time roles Vs full time roles available and the growth of the millennial population, with different employment considerations.

We remain committed to employment policies that do not discriminate between employees or potential employees on the grounds of gender, colour, race, nationality, ethnic origin, national origin, religion, religious beliefs, sexual orientation, disability or age. In line with the change in legislation, we continue to focus on ensuring opportunities are open and fair for both women and men and in April 2019 will publish our Gender Pay Gap data in accordance with the Equality Act 2010. Our gender pay gap continues to be significantly lower than the national average of 17.9%, as reported by the Office of National Statistics. Our mean gender pay gap is -2.9%, meaning that when we average the pay of all employees, irrespective of role, on average, our female employees receive a higher rate of pay. We are confident that our male and female employees are paid equally for doing equivalent jobs.

SUPPLY CHAIN AND INFRASTRUCTURE

The buying team continually assesses supplier performance, to ensure the highest levels of quality, ethical sourcing and the most commercially beneficial results for the Group, to minimise lead times. Over the last few years, we have significantly extended direct sourcing from the Far East and have continued to achieve better buying margins and product quality. Although we have had stock shortage issues at the beginning of 2018, as a result of our supplier consolidation, the change will, in the medium to long term, improve both the quality and margins of our product.

The review and mitigating actions taken during 2018 to spread the risk of previous supplier consolidation has delivered 'issue-free' seasonal deliveries since Spring 2018.

Appropriate deployment of information technology is vitally important to the success of our business, enabling the establishment of an omni-channel shopping environment. We will continue to ensure that we have a flexible, resilient and scalable technology platform.

We also need to ensure that our customer facing technology facilitates the delivery of consistently outstanding customer service, through whichever channel a customer chooses to shop with us.

The operational efficiency of our distribution centre based in Barking is closely monitored. Options for improving its performance, including space management, are continually appraised by the operations team, to streamline the business. We successfully completed the planned investment in additional capacity to underpin our growing online sales during 2018/19.

Operating costs remain tightly controlled with all expenditure carefully planned and monitored. The focus has shifted to process efficiencies, enabling us to further simplify the business.

CHIEF EXECUTIVE'S REVIEW

REVIEW OF OPERATIONS

During 2018 we made progress throughout the year in a number of areas; building brand equity, significant improvements in our omni-channel proposition and personalisation of our customer communications. However, the Group had a disappointing year, driven by a combination of self-inflicted stock availability problems, extremes of weather and a fragile, volatile and highly competitive consumer environment. Tailor Me, our bespoke suit offering continued to grow and leaves us well placed to capitalise on the tailoring expertise which we possess in-store and online. Investment during the year has focused on a small number of new store openings in major shopping centres and accelerating investment in new customer acquisition, customer retention, lapsed customer reactivation and enhancement of the technology which underpins our increasingly seamless omni-channel proposition.

RETAIL – STORES

Store only like-for-like* sales were down 7.4% on the previous year (2017/18: up 1.2%). Retail gross margins fell on the previous year by 2.5% as a result of a combination of weaker sterling and deeper discounting during the fourth quarter of the year in order to remain competitive in a highly promotional market.

Whilst we may discuss performance of physical retail and online retail separately, the distinction between these channels is becoming increasingly blurred, with each supporting the other as part of a unified journey for our customers. We will continue to focus on bringing the benefits of both channels to our customers, in as seamless a way as possible moving forward.

We opened 2 new stores and closed 1 store in the UK during the year. A further store was relocated into a stronger, brand new shopping development. We continue to carefully review new store and relocation opportunities in the UK, but at this point have no further confirmed new store openings for 2019. The Group now trades from 129 stores (27 January 2018: 128 stores).

The inherent flexibility in our property estate gives us options in what we anticipate will be a fast changing retail landscape. The average lease length across the store portfolio is only 50 months to the end of the lease and is 33 months if lease break options are considered. We are targeting improved lease terms on any lease renewals undertaken, seeking a maximum 5 year term, with a tenant only break clause at the end of year 2. The underpinning of our retail and hire business and the demand for e-commerce 'click & collect' and 'click & return' points, together with improving lease deals, means that there is an opportunity to reposition our store footprint on a selective and cost-effective basis, with good returns.

Having completed a strategic review of our store portfolio during 2018, we have a clear, detailed and specific action plan to improve the profitability of each. We also have a clear plan as to how we will likely structure the store estate moving forward. Whilst stores remain vital to our overall proposition, we anticipate that we will see a reduction in overall store numbers across the medium term.

Whilst the charges for impairment of the store fixed assets, which we have recognised during the year, are clearly associated with potential future store performance, decisions in respect of any store closures will be made on a store by store basis taking into account all of the relevant factors which that store contributes to the wider business.

RETAIL – E-COMMERCE

Sales grew strongly, up 19.6% on the previous year (2017/18: up 13.5%). Online sales now represent 14.5% of total sales (2017/18: 12%). Visitor numbers and conversion showed good growth across all device

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types and particularly so from customers reaching us via mobile devices. Increasingly sophisticated use of technology has enabled us to understand how our customers interact with our e-commerce site and allows us to tailor their on-site experience and our communications to them appropriately. The percentage of mobile and tablet sales growth was especially strong and now comprises 52% of total e-commerce sales.

During the year, we leveraged our improving understanding of each of our customer segments, both online and retail store dominant customers, to allow us to personalise interactions with them and to also offer communication appropriate to their needs and dependent on their purchase history.

We continue to actively acquire new customers and focus attention on building on our existing customer repurchase behaviour, whilst reactivating those customers who have not visited www.moss.co.uk for some time.

RETAIL – MARKETPLACES

During 2018, we have established relationships with both ASOS and Next to sell our products via their online marketplaces. Whilst early stage in their development, initial customer response to our products has been positive on both platforms.

HIRE

Hire now accounts for less than 11.5% of our total revenue. Like-for-like* hire sales fell by 9.3% in the year (2017/18: down 6.2%). The broadening of the range to include lounge suits has been successful and receives positive customer feedback, although it continues to be of insufficient volume to compensate for the continuing reduction in traditional morning wear hire. We continue to invest in relevant new product where appropriate and have made progress during the year in improving and streamlining our hire processes and systems. Our online Hire offer has continued to develop, with increasing numbers of customers starting their hire journey online and completing it in store.

We are confident that our position as the leading hire brand will be maintained through the service-based initiatives currently underway.

PEOPLE

We continued to focus on developing our people, with the Moss Bros Academy gaining momentum. Our Moss Bros Diploma has also delivered some great results and all participants talk positively about the learning opportunities they have experienced in 2018. This year has also seen us put a lot of focus on imbedding a number of the tools (performance management, communication portal, recruitment selection) launched in 2017 to ensure a true return on investment for the tools we have created.

SUPPLY CHAIN AND INFRASTRUCTURE

We regularly review each of our supply routes and develop partnerships with suppliers who have the capability to deliver the blend of quality and value which we require. We are always careful to ensure that we do not sacrifice quality purely to obtain lower cost garments.

We learned a number of hard lessons during early 2018 as a result of the consolidation of our supply base into fewer suppliers, as we sought to mitigate the impact of weaker sterling on our cost prices. These issues were remedied in full within the timeframes we committed to, but as a result we have now re-introduced a small number of additional supply routes and partners in order to offer a greater spread of risk. Since these mitigating actions have been undertaken, both subsequent season's deliveries have arrived without issue and stock levels are back in line with our expectations.

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Given the fall in store sales and the highly fixed nature of physical store costs, underlying store costs rose more rapidly than turnover. The store cost base was also not helped by the 'upward only' nature of the rent reviews written into most institutional leases, the increase in business rates and the increases in the National Living Wage, all of which added to our store cost base during 2018.

As a result of the investments made in the previous year, our technology infrastructure delivered both speed and resilience gains, which ultimately led to an improved customer experience. In addition, we added additional mezzanine flooring and storage racking into our distribution centre to accommodate our growing e-commerce business and its associated central stock holding.

BREXIT

The nature of the Brexit negotiations have created a prolonged period of uncertainty, with the terms of the UK's exit from the European Union (EU) still unknown. This has made detailed planning a very challenging process, but we have carefully considered what may be required for Moss Bros in the event that the UK leaves the EU without a deal, a transition period or a free trade agreement in place. We have developed a number of contingency plans, including the early arrival of stock, which will be implemented in order to minimise disruption in various scenarios.

The mitigation of indirect risks, which remain beyond our control, are highly reliant on the preparedness of national authorities and other businesses.

FINANCIAL REVIEW

Top line sales fell during 2018/19 with overall sales down 2.1%, as a result of the internal and external challenges faced during the year. Overall like-for-like* sales fell by 4.3% despite the strong growth seen within our e-commerce business. Discretionary costs continued to be tightly controlled, to the extent that there is limited scope for further cost reduction without impacting business performance. We have however sought to ensure that investment was made in those areas required to maintain progress towards our strategic goals, such as new customer recruitment. Adjusted loss before taxation from continuing operations was £0.4m (2017/18 £6.7m restated***). Statutory loss before tax and adjusting items was £4.2m (2017/18: profit £6.7m restated***) reflecting the impairment of the carrying value of certain store fixed assets (£2.2m) additional dilapidations and other property related cost provisions (£0.4m) and reorganisation and employee related costs (£1.2m).

REVENUE

Total Group revenue excluding VAT was down 2.1% (down 4.3% like-for-like*) on the previous year to £129.0m. Retail including e-commerce and wholesale revenue was down 1.3% (down 3.6% like-for-like*) on the previous year. Hire was 8.0% lower (down 9.3% like-for-like) on the previous year.

GROSS MARGIN

Underlying overall gross margin fell by 2.3% in the year (57.5% vs 59.8%), due to a combination of the impact of rising input prices as a result of the weaker pound, deeper discounting during the final quarter of the year, the reduction of Hire sales and the increase of e-commerce and wholesale sales within our overall sales mix. Gross profit fell by £4.6m as a result of both sales volume reductions and gross margin rate reductions. Volume related reductions of £1.8m were split broadly equally between our retail and hire business segments. A small increase in our hire gross margin rate was insufficient to offset the £2.8m impact of the reduced margin rates within our retail business segment. This was due to a combination of foreign exchange rate impacts, the additional markdown taken in the final quarter of the year to drive revenue growth and an increase in the mix of e-commerce and wholesale.

* Like-for-like (including VAT) represents financial information for e-commerce and stores open during both the current and prior financial periods and compares 52 weeks against 52 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held.

***FY 2017/18 has been restated to reflect the adjustment resulting from the implementation of IFRS15 – Revenue from Contracts with Customers as detailed in note 3.

CHIEF EXECUTIVE'S REVIEW

CONTINUED

COSTS

Shop selling and marketing costs before adjusting items rose by 3.6% versus the prior year, a quantum increase of £2.4m. Half of this increase came from store occupancy costs; being a mixture of rent increases, non like-for-like space, rates, service charge and depreciation (accounting for 1.8% of the total increase), followed by e-commerce variable costs, which grew by just under 12% versus e-commerce sales which grew by 19.6% (accounting for 1.0% of the total increase) year on year.

Administrative expenses before adjusting items grew 2.9% (£0.2m) versus the previous year and related in the main to the full year effect of increases in technology running costs and depreciation following the infrastructure upgrades which were undertaken during 2017 and 2018.

Costs remain tightly controlled with expenditure focused on areas that will add value and support the development of the strategic goals of the Group.

ADJUSTING ITEMS

Adjusting items are those which are material in either size or nature or relate to a significant restructuring programme and are therefore presented separately to provide readers of the accounts with additional information on the performance of the Group. There were no adjusting items incurred in the prior year.

As we noted at the time of our Interim results in September 2018, we regularly review the carrying value of store fixed assets. We have, across the full year, impaired £2.2m of our fixed assets in respect of c. 20 stores. Additionally, as part of the strategic review of our store portfolio, we have extended the period across which we look forward to provide for potential future dilapidation claims from landlords from 18 to 30 months. This, plus other property related adjustments has resulted in an additional charge of £0.4m. We have provided £1.2m in respect of strategic restructuring and other people related costs. The majority of this restructuring cost was provided at the time of our interim results.

EARNINGS PER SHARE

Basic earnings per share on total earnings were -3.83 pence compared with 5.33 pence per share restated*** last year. Diluted earnings per share has not been disclosed for 2018/19 because there is no dilutive effect. Diluted earnings per share for 2017/18 was 5.32 pence per share restated***.

TAXATION

The Group's effective tax rate for 2018/19 was a credit of 8.7% compared with a charge of 20.3% for 2017/18. The Group has generated a net overall tax credit in the period of £368k (2018: £1,362k overall tax charge). The accounting result for the period is a loss of £4,214k (2018: £6,720k profit) which has been supplemented by impairment of certain tangible fixed assets. This impairment has resulted in an increase in the deferred tax asset recognised on associated temporary differences, thus resulting in a tax credit. This credit has then been partially offset by a current tax charge arising in the period.

DIVIDEND

Given the volatile trading environment, the Board is not recommending a final dividend payment, to give the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet. The total dividend for the year is 1.5 pence per share, 2.5 pence per share lower than the previous year. We will review our Dividend Policy throughout the year, considering the overall yield, balanced against the wider investment needs of the business. We remain debt free, with a strong balance sheet and are confident in our ability to deliver enhanced returns to our shareholders over the longer term.

***FY 2017/18 has been restated to reflect the adjustment resulting from the implementation of IFRS15 – Revenue from Contracts with Customers as detailed in note 3.

INVESTMENT

Total capital expenditure in the year was £6.2m (2017/18: £8.5m) reflecting reduced levels of investment in physical stores and refurbishments, and the final elements of IT infrastructure upgrades. Depreciation and amortisation was £7.1m (2017/18: £6.6m). Investment included the opening of 2 new stores, 1 store relocation and the refurbishment of 3 stores. The total capital expenditure included further investment in new Moss Bros hire inventory of £1.0m (2017/18: £1.8m), whilst depreciation on hire inventory was £1.6m (2017/18: £1.6m).

CASH AND LIQUIDITY

The year end cash balance was £10.9m compared with £17.5m last year, after investment in new stores, store refits, technology and hire stock, recovery of the stock position and payment of dividends. Our strong control of working capital enables us to manage short term variations within our annual cashflow without utilising any external debt facilities.

INVENTORY

The challenges seen at the beginning of the year in terms of product availability were fully addressed and inventory levels have been at the appropriate level since early Summer 2018. Inventory is regularly reviewed to ensure the appropriate mix and volume of product to support sales across the business. Stock value at the year-end, reflecting the improved position versus the prior year, was £17.3m, 12.3% higher than January 2018 (2017/18: £15.4m restated***).

FUTURE DEVELOPMENTS

The Board continues to believe Moss Bros has a compelling proposition, with the growth of e-commerce underpinning the move to full omni-channel retailing. The development of our sub-brands during the year, particularly Moss London and Moss 1851, has continued and we will continue to invest in product innovation both in suiting and adjacent categories, whilst also offering customers more contemporary solutions to address their needs, recognising the growing trend for 'business casual' attire.

In order to maximise our opportunity and with the increasing role that digital has to play in marketing, we will add further resource and investment during 2019 to support our omni-channel proposition and to better serve our customer with an increasingly personalised experience across our website and in store.

Our Tailor Me offer further underpins our tailoring expertise and credentials as the number one men's formalwear specialist in the UK. The service which we offer is not available in such a simple and accessible form from any other retailer in the UK. As a result, the business is focussed on developing this service further and anticipate the strong levels of growth seen to date will continue.

Investment in our People Strategy continues with the aim of establishing a multi-skilled service culture across the business – our people remain critically important to our service proposition.

RETAIL

The store refit programme is substantially complete and we are moving our focus towards developing ways in which we can offer an in-store experience which can both leverage and complement the Group's online capabilities which our website offers. We will review the ways in which we might make a wider product catalogue available to customers in-store without the need to carry increased levels of inventory.

We will closely monitor store performance and the services which we offer within stores to ensure that we have a store estate of an appropriate size and mix to meet customer needs, whilst remaining cognisant that the role of physical retail stores is undergoing significant change. We will remain focussed on ensuring that we have the appropriate flexibility in our store estate lease portfolio so that we can be agile in our response to changing market conditions and demands.

***FY 2017/18 has been restated to reflect the adjustment resulting from the implementation of IFRS15 – Revenue from Contracts with Customers as detailed in note 3.

CHIEF EXECUTIVE'S REVIEW

CONTINUED

HIRE

We will continue to leverage the opportunities to grow our market share through all distribution channels including online. Our recent investment in lounge suits continues to prove appropriate as customer demand continues to move away from the traditional morning wear hire market. Investment in new hire stock totalled £1.0m in 2018 and we expect a further, although significantly lower investment of £0.3m in 2019, as our current hire catalogue reaches maturity.

Early season booking numbers for collection in the current year (FY 2019/20) remains challenged at 6.3% below last year's bookings at this point. We are able to offer a range of alternative propositions to customers where hire may no longer be the first-choice solution to their formalwear need.

E-COMMERCE

We plan to continue to invest in strengthening our e-commerce capability and building on our current growth. We will invest more in new customer recruitment, lapsed customer reactivation and in segmentation/personalisation of our communication with our customers. Additionally, we will make our digital communications, product information and styling advice accessible across both physical stores and online.

SUPPLY CHAIN & COSTS

Our supply chain continues to be of significant importance in delivering high quality and relevant product and service and in realising efficiencies.

In the year ahead, we will continue to see higher input costs; from national living wage, business rates, apprenticeship levy and increases in levels of pension auto-enrolment costs. We will operate the company in a manner appropriate for the more competitive trading environment and we will continue to seek further ways in which to mitigate these rising costs, whilst protecting the investment we are making in building and sustaining our differentiated offer.

We will only incur additional discretionary central costs versus 2018/19 where these will directly contribute towards delivering long term improvements in profitable turnover or where these will underpin key strategic initiatives.

INFRASTRUCTURE

We will invest as required in technology to underpin our plans to further enhance our omni-channel proposition and to roll out digital capability across the business. We will also make mechanical improvements within our distribution centre during 2019/20, although this will be relatively small following significant investment in this area over the last two years.

Capital expenditure for 2019/20 is estimated at £3.0m, including £1.1m for investment in stores, £1.6m in technology and infrastructure and £0.3m for hire stock.

PEOPLE

2018 was a year of change in Moss Bros with some key leadership and structure changes taking place in the second half of the year. These changes will drive positive momentum in 2019. As the retail sector and the employment market continue to change, we need to ensure we are future proofing the organisation and offering an employment experience that meets the needs of the millennial population. 2019 will see us foster a culture that encourages all of our employees to make a positive difference in their area of the business.

OUTLOOK

The investments we are making to evolve our proposition will bring positive momentum to our performance.

Our omni-channel strategy continues to make significant progress and we are focused on leveraging the insight into our customer base that we now have to deliver an entirely unified customer experience.

We will trial a number of initiatives during 2019 which we believe will better position us to serve our customer's needs over the medium to long term and ensure that we remain relevant to our core customer groups.

We expect that we will finish 2019/20 better placed to execute on the successes within these trials and will have additional routes to supplement the already key areas of growth within our business, most notably; e-commerce, our product development, our Tailor Me proposition and our growing marketplace business via third party platforms.

Whilst the market in which we operate remains highly competitive, we see the weaker trading environment as an opportunity to strengthen our core proposition.

We are confident that, with our strong balance sheet which offers a solid foundation upon which to build, we are well placed to gain market share and that the business will return to growth, delivering enhanced returns to our shareholders over the longer term.

BRIAN BRICK
CHIEF EXECUTIVE OFFICER
5 April 2019

This Strategic report has been prepared solely to provide information to shareholders to assess how the directors have performed their duty to promote the success of the company.

The Strategic report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

NON-FINANCIAL INFORMATION

We aim to comply with the non-financial reporting regulations contained in sections 414CA and 414CB of the Companies Act 2006, as shown below:

We operate 129 stores across the UK and Republic of Ireland, plus an e-commerce platform and we employ over 950 people. Consequently, many social, environmental and ethical issues impact on our business, either directly, or indirectly through our overseas supply chain. We have put in place a number of commitments and policies to manage these continually evolving issues.

ENVIRONMENTAL MATTERS

We do not operate in a sector that creates significant pollution, but our products, logistical operations and stores all impact on the environment to some extent. Whilst we do not have a specific environmental policy, we do strive to minimise our environmental impacts as much as possible and we comply with all applicable environmental laws and regulations. We are continually looking for ways to improve the efficiency of our operations, by reducing waste and consolidating deliveries as much as possible. The reduction seen in our carbon emissions on page 19 shows we are making gains in this area.

All our recyclable packaging is recycled where commercially viable and our surplus or end of life IT equipment is disposed of via an accredited recycling provider, to help minimise the amount of our waste ending up at landfill sites. We continually monitor our packaging options to seek a reduction in the amount of materials used.

We monitor our CO2 emissions and seek to minimise these as much as possible, and this is evidenced by our falling CO2 emissions per £m revenue (as disclosed within the Corporate Social Responsibility statement on page 25).

EMPLOYEE MATTERS

A motivated and engaged workforce is crucial for our success as it allows us to deliver on the expertise and customer service levels that we are known for. We are committed to making Moss Bros a great place to work, with a culture that promotes diversity and personal development.

Our employment policies are developed so as not to discriminate on gender, ethnicity, beliefs, race or disability, and we consider a more diverse workforce helps us to better understand our customers. As set out in our Equal Opportunities Policy, we continue to focus on ensuring opportunities are open and fair for both men and women, and this includes monitoring our gender pay gap, which is significantly lower than the national average (as disclosed within the Strategic Review statement on page 5). We are confident all our employees are paid equally for doing equivalent jobs. The gender breakdown of Directors, Senior Management and employees is shown in the Corporate Social Responsibility statement on page 25.

As noted under the Corporate Social Responsibility statement on page 25, we conduct an employee survey each year, and follow this up with focus groups to address areas of concern. This survey produces an employee engagement score and we monitor this as a key performance indicator, as shown on page 19. We are pleased to observe this score improving as it indicates our ability to attract and retain the best people, and mitigates our people risk as shown on page 24.

We are dedicated to our employees' safety, and we comply with all applicable health and safety legislation. We reported no accidents or dangerous occurrences during the year.

SOCIAL MATTERS

We operate across the UK and so have a presence in many different communities. We do not have a specific social policy, but Moss Bros actively looks for and has taken part in a number of initiatives, at both a national and a local level. Taking part in such initiatives can help promote our brand and mitigates our brand risk as shown on page 23. We have been involved with promotion of charitable initiatives such as Movember, and we have also supported Prostate Cancer UK in raising awareness and funds.

We also provide our excess products free of charge to a charity that offers smart formal wear to homeless men seeking employment.

HUMAN RIGHTS

We are committed to protecting and respecting human rights across all of our business operations, and in our supply chains. Failure to maintain high standards could damage our reputation. We also comply with all the increasing regulatory requirements, for example, we report via our Modern Slavery Statement (http://corp.moss.co.uk/about/modern-slavery-statement/) on the steps we have taken to prevent human trafficking.

We source products from 49 suppliers across 9 countries, and we work closely with these suppliers to ensure they operate in line with the Ethical Trading Initiative's base code. We have a zero tolerance to slavery and human trafficking and our Executive Committee and Board of Directors monitor this closely.

Our Equal Opportunities Policy encourages the reporting of any concerns from our employees and protects whistleblowers. Such reports are reviewed by our People Director and followed up on appropriately. There have been no concerns reported during the year.

ANTI-CORRUPTION AND ANTI-BRIBERY

It is our policy to maintain the highest standards of ethics, honesty and integrity. To ensure this, we have a zero tolerance approach to bribery and corruption and policies are in place that define the expected standards of our employees and suppliers.

We provide guidance to our employees around the giving and receiving of gifts, hospitality and entertainment. Anyone who suspects, is offered or asked to make a bribe is required to report such an incident or concern to the Company Secretary. The Group has established a confidential helpline for raising concerns regarding impropriety in financial or other matters, which is open to all employees and operates independently of line management. There have been no incidents of bribery or corruption identified or notified to the Board in the year. The significant gift register is reviewed by the Audit Committee annually.

KEY PERFORMANCE INDICATORS

Management monitors progress by reference to a number of key performance indicators ("KPIs"). These KPIs are applied on a Group-wide basis across all stores. Management are satisfied that these KPIs are in line with internally assessed targets.

	2018/19	2017/18
Strategic		
Growing our market by becoming fully multi-channel		
• **units per customer transaction** This is reflective of our ability to style our customers, offering whole outfits rather than single items.	**2.6**	2.6
• **average selling price per item (including VAT)** This indicates the price point of the items our customers are purchasing.	**£43**	£42
• **E-commerce share of Group revenue** Growth here is representative of progress towards our omni-channel strategic pillar.	**14.5%**	12%
Revitalise our customer offer through our store presentation		
• **average transaction value (ATV)** This is also reflective of our ability to style our customers, offering whole outfits rather than single items.	**£112**	£110
• **inventory turnover (weeks)** This indicates our ability to efficiently generate sales from our inventory.	**17.5**	16.3
Financial		
Total group revenue (excluding VAT) Growth in revenue is important as we seek to build market share.		
• Retail	**Down 1.3%**	Up 4.3%
• Hire	**Down 8.0%**	Down 6.0%
• Total	**Down 2.1%**	Up 2.9%
LFL* sales growth (including VAT) Indicates how effective we are growing revenue for the same group of stores/business units as last year.		
• Retail	**Down 3.6%**	Up 2.9%
• Hire	**Down 9.3%**	Down 6.2%
• Total	**Down 4.3%**	Up 1.6%
Gross profit margins How effectively we turn inventory into profit after cost of goods sold.		
• Retail	**55.1%**	57.6%
• Hire	**76.6%**	76.0%
• Total	**57.5%**	59.8%

	2018/19	2017/18
Adjusted EBITDA** A measurement of the profitability of the business without distortions from accounting or financing decisions.	**£6.6m**	£13.3m restated***
Return on store capital investment on refitted stores**** The Board consider it important to monitor how quickly returns are achieved from capital investments in store refits.		
• Payback trend on refitted stores (months)	**36.2**	33.9
Corporate Social Responsibility		
• **Carbon emissions ('000 tonnes) $** Indicates our impact on the environment in places where we operate.		
Scope 1 (Directly controlled)	**429**	405
Scope 2 (Indirectly controlled)	**2,325**	2,797
• **Employee engagement** A survey is run annually with our employees and provides us with an understanding of the level of engagement in our teams.	**62%**	61%

* Like-for-like (including VAT) represents financial information for e-commerce and stores open during both the current and prior financial periods and compares 52 weeks against 52 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held.

** Adjusted EBITDA is EBITDA (earnings before interest, tax, depreciation amortisation) and adjusting items as set out in note 30. See note 28 for a reconciliation of profit before tax to EBITDA.

*** FY 2017/18 has been restated to reflect the adjustment resulting from the implementation of IFRS15 – Revenue from Contracts with Customers as detailed in note 3.

**** Return on store capital investment on refitted stores is calculated based on the increased monthly gross profit for the stores refitted in the 36 month period to 26 January 2019.

$ Carbon emission figures unaudited.

PRINCIPAL RISKS AND UNCERTAINTIES

APPROACH TO RISK

Risk is an inherent part of doing business and the Board of Directors has primary responsibility for identifying the principal risks facing the Group. In identifying risks, we specifically look at the effects they could have on our business model, as described in the Strategic Review on page 5. We look at both short and long term risks within a timeframe of up to 3 years, and for all areas of the business, including financial, operational, governance and environmental.

Our risk appetite is considered when determining the amount of risk we are willing to accept. The level of risk accepted by the board is commensurate with the expected benefit to be obtained. This appetite also determines the extent of our mitigation efforts.

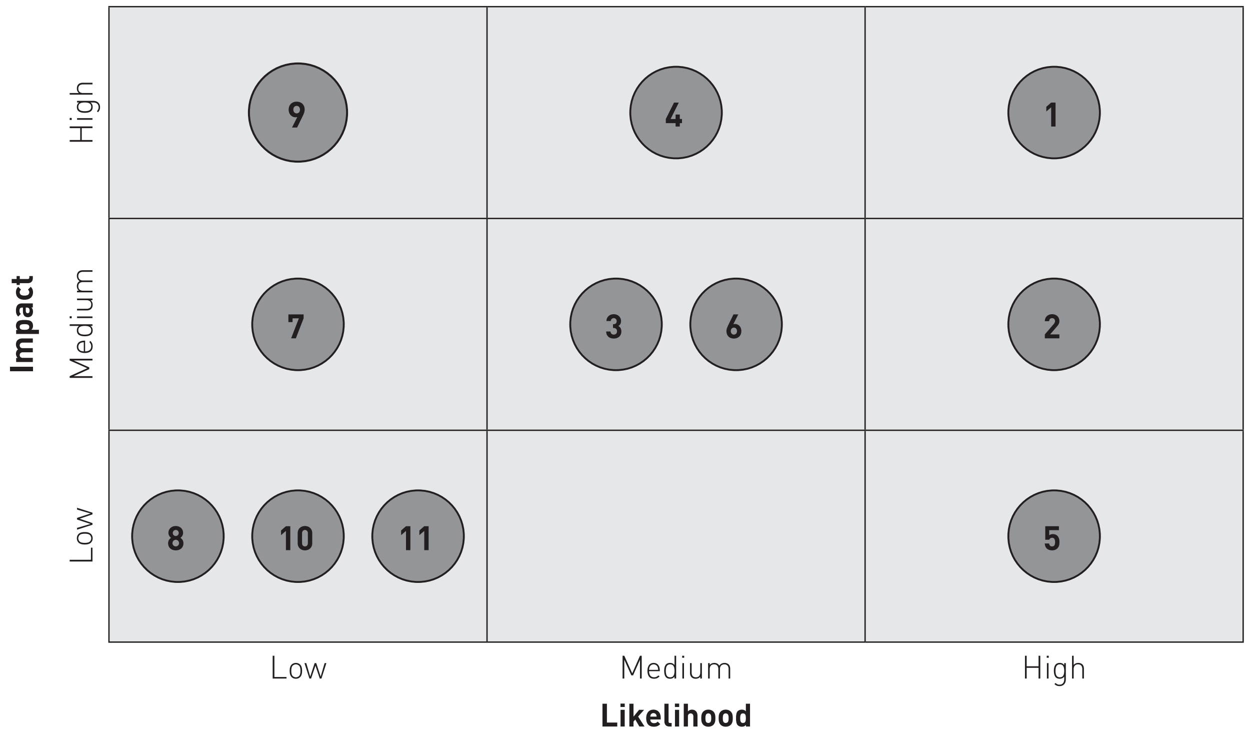
RISK MANAGEMENT

The Board regularly reviews the risks, which includes reviewing reports from management to determine the significant risks for inclusion on a risk register. We consider the impact of each risk on the business as well as the mitigating controls in place. This provides an assessment of the residual likelihood for each risk, which is then is compared against our risk appetite, and this then shows those risks deemed to be principal risks.

The audit committee challenge and agree the principal risks and mitigation strategies.

RISK MAP

To assist understanding the impact and likelihood of our principal risks, we have presented them on the following map:



The individual principal risks and uncertainties, and measures to mitigate these, are shown below:

	Business area	Risk to Company	Mitigation of risk	Assessment of change in risk year-on-year
1	**Economy – impact on retail**	**Almost all of the Group's revenue is generated in the UK. A deterioration in the strength of the UK economy would be likely to reduce consumer demand for discretionary items.** **This could materially and adversely affect the financial position of the Group.** The Group is currently funded from its own cash reserves and any prolonged downturn will impact on these reserves.	We continually focus on maintaining our product quality, customer service and supplier relationships, which will help us retain our competitive position and retain customers. The business has the flexibility to adjust its capital expenditure plans, restrict dividends and review operational expenditure to reduce or defer unnecessary expenditure. These measures will conserve cash and maintain the strength of our balance sheet. Property leases have short remaining lives allowing flexibility to reduce fixed overhead costs should the need arise. The Group is currently debt free and cash generative at an operating activity level but considers that it would be able to source funding facilities in the event that it needed to.	**+** This risk has increased during the year as the economic outlook has toughened and as consumer confidence remains low.
2	**Omni-Channel – Structural change within retail**	Retailing worldwide is undergoing unprecedented structural change at a very fast pace. Maintaining a competitive edge through customers being able to interact and transact with the Group in whichever way they choose, whether in store or online, offering product choice and availability, and allowing multiple payment and delivery/collection options are important in growing our omni-channel credentials.	The Board regularly reviews the strategic plans in place for the business to ensure that they are appropriate to address structural changes within the retail industry. We have developed our understanding of our customer base during the year and we are focused on ensuring that the customer experience which we offer is in line with their expectations. We increasingly encourage customers to return to our stores, where a more unified retail experience can be obtained regardless of channel of purchase. We invest where appropriate in the technology which supports improvements in our omni-channel capability.	**+** The pace of structural change within the retail marketplace has increased, meaning that the risk has increased commensurately.
3	**Hire**	The Hire business demands the highest level of customer service. This is delivered through a highly developed and efficient infrastructure which enables consistent 'delivery to promise'. **Any disruption to this infrastructure would affect our ability to maintain customer service levels which may subsequently result in reputational issues.**	We have a dedicated operational team which actively seek to resolve any potential fulfilment issues ahead of delivery date. We are continually refreshing and replenishing our stock of hire garments to ensure that we are able to fulfil all orders as they become due. We continue to strengthen our back-end technology, systems and processes to ensure a robust platform for our operations. We completed a full Hire related training programme for in-store teams before the 2018 peak to ensure the best in-store experience.	**=** The risk is ongoing; we have successfully made additional improvements to our Hire operations during 2018 and will refine these further ahead of the 2019 Hire season to ensure that we continue to deliver on customer promise.

PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

	Business area	Risk to Company	Mitigation of risk	Assessment of change in risk year-on-year
4	**Supply chain**	**A disruption to supplier continuity may adversely affect our operation.** Suppliers going out of business or unable to supply goods could have a significant impact on our ability to meet demand in store and online. As we increase the volume of garments sourced directly from supplier factories we must ensure that the supply chain critical path is closely monitored and proactively managed. Additional uncertainty regarding the eventual form that 'Brexit' will take means that there may be delays to or additional costs suffered as a result of the import of our products.	We are continually reviewing and refreshing our supplier list. The diversification of product buying across a range of suppliers limits the Group's over reliance upon any individual supplier. We have implemented controls which enable us to identify early any potential deviations from product and supply chain critical paths. In addition, following the challenges seen early in 2018 we have increased the number of suppliers and supply routes through which we source our product. Foreign currency exposure, principally the US Dollar, is hedged for 6 to 9 months in advance.	**+** The risk is increasing as we source more product directly from factories. We continue to monitor the enhanced controls and reporting successfully implemented during 2018.
5	**Brexit**	**The key indirect risks surrounding the UK leaving the EU and particularly leaving the EU without any transition period or any separation 'deal' in place (a 'no deal' Brexit) are significant.** The Group acquires a significant proportion of its goods from overseas, and this exposes us to the following possible issues: • Increases in tariffs and duties on goods imported to the UK may increase our costs. • Delays at border controls may lead to stock shortages. • Reduction in the value of Sterling may lead to higher costs.	We have reviewed these issues in detail and determined that there may be some additional costs, but these are expected to be limited following the Government's publication of the UK's temporary tariff regime for 'no deal'. The majority of our products are sourced from countries outside the EU. We have sought to temporarily hold greater levels of stock in the UK by the end of March 2019 in an effort to mitigate the effects of any delays at UK borders. The mitigation of indirect risks, which remain beyond our control, are highly reliant on the preparedness of national authorities and other businesses.	**N** The risk is new this year as the deadline for the UK to leave the EU approaches. The level of risk is compounded as a result of the uncertainty regarding the specific form and timing of the UK's departure along with a lack of clarity regarding the readiness of the EU and UK authorities to deal with each potential eventuality.

	Business area	Risk to Company	Mitigation of risk	Assessment of change in risk year-on-year
6	**Costs**	**Supply chain cost price increases and currency fluctuation could have a materially adverse effect on results.** A fluctuation in currency rates could materially affect the Group's cost base and margins. **A re-emergence of general price inflation could affect profitability.** We continue to face significant cost headwinds including; business rates, National Living Wage, Apprenticeship Levy and Pension auto-enrolment costs as well as increasing government fossil fuel levies.	Management has in part mitigated the cost price risk as a significant proportion of inventory is direct sourced and prices have been agreed as a result of competitive tendering. In addition, the Group operates a treasury policy which hedges a significant proportion of the foreign exchange risk from such direct sourcing arrangements. Management closely monitor the effectiveness of these arrangements. If general price inflation returns this may allow an increase in retail selling prices albeit subject to market conditions. Ongoing review of store profitability, combined with shorter lease durations ensures that we proactively manage the fixed overhead of our store estate. Remuneration policies are under review to ensure we remain competitive in the marketplace.	**+** The risk has increased during the year as the cost headwinds which we face continue un-abated. We continually monitor the potential impacts and address these via the actions noted here.
7	**Cyber crime**	**A cyber crime attack could disable the Group's key IT systems and compromise data security.**	Customer bank or payment card details are not processed or stored in the Group's IT systems. Comprehensive security measures are in place with regular tests carried out. We have deployed additional security products to further strengthen our protection and invested during 2017 in technology infrastructure to afford us better protection. Development in cybercrime and preventative strategies are constantly reviewed.	**+** Whilst we invested in increased levels of protection during 2017, the frequency and severity of cybercrime attacks against companies continue to increase.
8	**Brand image**	**Maintaining our store presentation is important for attracting customers and growing our brand.** The historical underinvestment in the store estate in previous years has meant that some of our stores lack the level of presentation that we require to grow the business and the brand.	We continued with our store redevelopment programme to both modernise the look and feel of the stores and to meet more routine maintenance that has been deferred for many years. This has now been substantially completed. We regularly consider the appropriateness of our sub brand line up, under the master brand 'Moss Bros' originally implemented in Autumn 2014.	**=** The risk remains the same year on year as the store redevelopment programme nears completion.

PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED

	Business area	Risk to Company	Mitigation of risk	Assessment of change in risk year-on-year
9	**Distribution centre (DC)**	**Operating our distribution centre from one location leaves the Group exposed to business catastrophes occurring at that location.** Any business catastrophe affecting our distribution centre could severely affect the Group's ability to supply to stores and customers.	We continually review and monitor our disaster recovery plan to ensure that all business risks are adequately covered. Our financial risk of operating from one location is mitigated through our comprehensive insurance cover, however due to the single location of the DC, operational mitigation beyond fire safety and security measures and rigorous adoption of good process limit mitigation somewhat.	**+** With new and increased operating pressures on the DC through our multi-channel approach, the reliance and consequent exposure to risk of the DC failing has again increased during the year.
10	**People**	**The Group's reliance on key management and other personnel could put pressure on the business if they were to leave.** Attracting and retaining high calibre people is a key priority and a central focus in striving for excellent customer service across the Group's business channels.	Effective recruitment policies and people development means the Group can take full advantage of the market opportunities which it is presented. Long term incentive share awards were granted to senior employees during the year to more closely align their interests to those of the Group and a SAYE scheme is in operation.	**=** We continue to invest in our people and have made important changes within our senior leadership team during 2018. We continue to be mindful of the risk within that senior team as a result of no incentives being paid for a second consecutive year. We continue to manage Board succession closely and have delivered high calibre replacements for retiring Board members The risk is continually monitored and addressed through a Management Talent Review and Board evaluation.
11	**GDPR**	**The General Data Protection Regulations come into force in May 2018.** This legislation significantly extends requirements of companies to ensure that all personal data is handled in accordance with the new regulations. The penalties for non-compliance are potentially severe.	The company has a good understanding of GDPR and has executed a detailed plan to address the resulting requirements. We have strong policies and procedures in place to address any GDPR related issues and requests and are committed to maintaining our positive response to the legislation to date. We have in place company wide training programmes to highlight the importance of good data protection to all employees across the business.	**=** The risk remains level on last year. We have invested significantly in our GDPR capability and have robust processes and procedures now in place. We will continue to develop our capability and responses to GDPR related issues as 'real life' scenarios arise.

Key to change in Risk:
+ Risk has increased
– Risk has decreased
= No change
N New Risk

CORPORATE SOCIAL RESPONSIBILITY

The Board recognises its responsibilities in respect of social, environmental and ethical ("SEE") matters with the Chief Executive Officer having overall Board responsibility.

We are committed to doing business responsibly and acknowledge that we have a role to play in the communities and the wider environment in which we operate. This report sets out the principal areas of focus and activity in the areas of people, ethical sourcing and reducing the environmental impact of the Group on the wider environment.

PEOPLE

We are a retail business, with a significant high street presence, as well as on-line activities. We are clearly differentiated by key propositions such as Hire and Tailor Me and we recognise that a great customer experience is key to our business success. This drives our policies around people and further information on these is shown on page 16.

We pay all of our employees at least the National Minimum Wage (or for over 25's the National Living Wage) appropriate to their age.

DIVERSITY

We are committed to a policy of being a fair and inclusive employer. Employment with the business offers everyone equal rights and career development and promotion prospects, regardless of age, race, gender, sexual orientation, disability or religion. Special consideration is given to the continuity of employment of any employee becoming disabled after their employment has commenced and, where practicable, to the provision of alternative employment. We ensure as far as possible that the diversity of our teams reflects the diversity of the customers we serve.

Our commitment to equality and human rights is covered in the employee handbook, which is accessible to all employees and which refers to our people policies. The various management skills courses offered cover the responsibilities of the management team in upholding our people policies to ensure a safe and respectful working environment.

The principle of Board diversity is strongly supported by the Board and is increasingly reflected in its composition. It is the Board's policy that appointments to the Board will always be based solely on merit without any discrimination relating to age, gender or any other matter that has no bearing on an individual's ability to fulfil the role of Director. This is so that the Board has the right individuals in place, recognising that diversity of thought, approach and experience is seen as an important consideration as part of the selective criteria used to assess candidates to achieve a balanced Board. The Board has considered diversity as part of its Board effectiveness review.

Further details on the Board's composition and the effectiveness review are contained in the Corporate Governance report on page 34.

The number of employees as at 26 January 2019 were as follows:

EMPLOYEES (FTE)	Male	%	Female	%	Total
Executive Directors	2	100	0	0	2
Non-Executive Directors	2	50	2	50	4
Senior Leadership Team*	6	75	2	25	8
Other Employees	629	67	316	33	945

* Employees below Director level who have authority and responsibility for planning, directing and controlling the Company.

CORPORATE SOCIAL RESPONSIBILITY

CONTINUED

GENDER PAY GAP

In April 2017, Gender Pay Gap legislation came into effect under the Equality Act 2010. This requires any employer with 250 employees or more to publish their gender pay gap for their employees. We are committed to treating our people equally and fairly and welcome the opportunity to report on our gender pay gap data.

Our gender pay gap is significantly lower than the national average of 8.6%, as reported by the Office of National Statistics. Our mean gender pay gap is -2.9%, meaning that when we average the pay of all employees, irrespective of role, on average, our female employees receive a higher rate of pay. We have found no inconsistency between how we pay men and women for the same role. Our full gender pay gap report can be found at http://corp.moss.co.uk/about/gender-pay-gap/.

TRAINING

We are committed to developing and training our employees and place great importance on harnessing talent and driving business performance. We have continued to deliver training to our management teams, including sales and service skills, product knowledge, recruitment, coaching and performance management skills.

COMMUNICATION

The Group recognises the benefits of keeping employees informed of the progress of the business and of involving them in the Company's performance. During the period, employees were provided with information about the Group's performance and on other things of interest to them as employees, through our online communication portal, telephone conference calls, regular newsletters, notice boards, reports and team briefings.

We conduct an all employee engagement survey annually and were pleased that engagement levels were high with 86% of employees responding. We followed up the survey with focus groups to gain more understanding of how our teams feel and have already taken action to address the focus areas of Growth and Development, Communication and Leadership. The survey produces an employee engagement score which we monitor as a KPI on page 19. This engagement score is gradually increasing, reflecting the improvements the management team are striving to make.

We have continued to develop our communication channels with our people via an increase in both online and face to face briefings and area meetings.

We also launched another Save As You Earn share option scheme this year, which all employees with more than 3 months' employment were invited to join.

We reported no accidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (2017/18: 1), with no deaths or dangerous occurrences (2017/18: nil).

MODERN SLAVERY

Moss Bros has a zero-tolerance approach to slavery and human trafficking and as an organisation we are committed to ensuring that there is no modern slavery or human trafficking in any part of our business or in our supply chains. We work closely with our suppliers and their factories to ensure they operate in line with the Ethical Trading Initiative's base code; the aims of which are that employment should be freely chosen and that forced or bonded labour cannot be used.

Our full modern slavery statement can be viewed at http://corp.moss.co.uk/about/modern-slavery-statement/.

ANTI CORRUPTION AND BRIBERY

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. All employees must declare and keep a record of all hospitality or gifts given or received, and all expenses claims relating to hospitality, gifts, or payments to third parties must be submitted in accordance with our expenses policy and record the reason for expenditure. Anyone offered, or asked to make, a bribe, or who suspects any bribery or corruption has occurred, is obliged to notify the Company Secretary without delay. So far as we are aware, there were no incidences of bribery or corruption this year.

GREENHOUSE GAS EMISSIONS STATEMENT

The Group does not operate in a business sector which gives rise to significant pollution but the Board recognises that the business could have an impact on the environment. The Board is committed to managing and improving the ways in which its activities affect the environment (more detail on which is provided in the Non-Financial Information Statement on page 16).

ASSESSMENT PARAMETERS

Baseline year	2018/19
Consolidation approach	Operational control
Boundary summary	All facilities under operational control were included
Consistency with the financial statements	The use of the operational control approach causes a variation to those assets used and controlled by the Group as discussed in our financial statements. The business operates from a portfolio of high street, shopping centre and factory outlet stores, as well as a distribution centre and head office, all held under operating leases. These are included in our emissions table however are not listed on our Balance Sheet. However, 9 leases have areas sublet to tenants. These areas sublet are not under our operational control and therefore are not included in our emissions table.
GHG measurement basis used	Defra 2014
Assessment methodology	Defra guidance
Materiality threshold	The Group has not applied a materiality threshold. Therefore, there are no exclusions.
Intensity measurement	Tonnes of CO_2 per £m revenue

CORPORATE SOCIAL RESPONSIBILITY

CONTINUED

SUMMARY GHG EMISSIONS DATA FOR 2018/19

		2018/19	
	Activity	(tCO_2e)	(tCO_2e/£m revenue)
Scope 1	Stores distribution	243	1.89
	Business travel	92	0.72
	Gas	64	0.5
	Air conditioning	28	0.22
Scope 2	Purchased electricity	2,325	18.02
Statutory total (Scope 1 & 2)*		2,753	21.34
Intensity measurement:		2018/19	2017/18
Tonnes of CO_2e per £m revenue		21.34	23.54
Revenue (£m)		129	132

* Statutory carbon reporting disclosures required by Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The Strategic Report, from pages 2 to 28, has been reviewed and approved by the Board of Directors on 5 April 2019.

BRIAN BRICK
CHIEF EXECUTIVE OFFICER
5 April 2019

TONY BENNETT
FINANCE DIRECTOR AND COMPANY SECRETARY
5 April 2019

BOARD OF DIRECTORS

DIRECTORS

Debbie Hewitt MBE – Non-Executive Chairman. Joined the Board on 1 June 2009 as an Independent Non-Executive Director and became Non-Executive Chairman on 27 April 2010 (acting Chairman from 25 March 2010). She is Non-Executive Chairman of The Restaurant Group plc, White Stuff, BGL Group and Visa Europe, a subsidiary company of Visa Inc. She is also a Non-Executive Director of Domestic and General. She was a Non-Executive Director of NCC Group PLC until March 2018 and a Non-Executive Director of Redrow plc until November 2018. In her executive career, she was previously the Managing Director of RAC plc. As announced in May 2018, she will retire on the ninth anniversary of her appointment in May 2019.

Brian Brick – Chief Executive Officer. Joined the Board as an Independent Non-Executive Director on 1 September 2008 and was appointed Chief Executive on 19 March 2009 having been acting Chief Executive since 19 January 2009. He is a Director of Ambleside Consulting Limited, Ambleside Estates Limited, Ambleside Investments Limited, Hattrick Properties and of dormant company Brijon Limited. He successfully sold Specialty Retail Company Limited in 2005.

Tony Bennett – Finance Director. Joined the Board on 15 August 2016 as Finance Director. He was previously the Finance Director for Charles Tyrwhitt, which he joined in 2009. Prior to that he was the Head of Commercial Finance at Selfridges Retail Ltd and Chief Financial Officer at Confetti Network Ltd. He has a deep commercial background in online, multi-site and international consumer businesses, with highly relevant experience in Menswear.

Maurice Helfgott – Senior Independent Non-Executive Director. Joined the Board on 19 October 2010 as Senior Independent Non-Executive Director. He is the Founder Director of Amery Capital, Chairman of Oliver Sweeney, Long Tall Sally and Unforgettable.org. He is also a Non-Executive Director of END. He was previously a main Board Director of Marks and Spencer plc.

Bryan Portman – Non-Executive Director (until May 2018). Joined the Board on 1 July 2011 and chaired the Audit Committee until he stepped down in May 2018. Bryan was Finance Director of a number of retail and Financial Services businesses. He was Chief Financial Officer of the Co-Operative Group until 2007, and prior to joining the Co-Operative Group was Chief Executive at Britannic Group plc. Before that he held senior management and financial roles within Lloyds TSB Group plc and Safeway plc. He was Chairman of Family Action charity.

Zoe Morgan – Non-Executive Director. Joined the Board on 1 November 2012. Zoe has been Marketing Director of a number of significant retail, consumer and Financial Services businesses including Marketing Director of the Co-Operative Group, Boots plc and HBoS. She has a broad commercial background in multi-site, retail businesses, with a strong skill set in strategy, brand management and CRM. She also holds non-executive directorships in Kind Consumer Limited and Finsbury Food Group plc. As announced in December 2018, she will retire from the Board in May 2019.

Alex Gersh – Non-Executive Director. Joined the Board on 1 November 2017. Alex was, until Summer 2018, the CFO of Paddy Power Betfair Group, having been appointed as CFO of Betfair Group plc in 2012. As well as his strong listed finance experience, he brings broad strategic, commercial and digital skills, along with international consumer insight. Alex became Chairman of the Audit Committee in May 2018, when, as noted above, the previous Chairman, Bryan Portman, stepped down from the Board.

Gareth Jones – Non-Executive Director (from January 2019). Joined the Board on 14 January 2019. Gareth was the CEO of Online at Missguided Limited from September 2017 until May 2018, where he played a significant role in developing its online growth. Prior to that he was the Deputy CEO and COO of e-tailer Shop Direct Limited, which he joined in 2009 and where he oversaw the successful transformation of the retail business from a catalogue business to a pure online operation. Gareth will become Chairman of the Remuneration Committee in May 2019.

BOARD OF DIRECTORS

CONTINUED

Colin Porter – Non-Executive Director (from March 2019). Joined the Board on 18th March 2019 as an Independent Non-Executive Director. Colin is the CEO of Joules plc, where since 2010, he has led the development of the business through a successful international multichannel strategy, growing both sales and profits. He also oversaw the successful IPO of the business on to AIM in May 2016. Previously Colin was the joint Managing Director at Crombie and also spent over 10 years at House of Fraser, becoming Commercial Director on the main board. Colin has also held a number of senior positions within the retail sector including Etam, Laura Ashley and Arcadia.

AUDIT COMMITTEE OF THE BOARD	REMUNERATION COMMITTEE OF THE BOARD	NOMINATION COMMITTEE OF THE BOARD
A Gersh (Chairman from May 2018)	Z Morgan (Chairman)	D Hewitt (Chairman)
B Portman (Chairman until May 2018)	D Hewitt	M Helfgott
M Helfgott	M Helfgott	Z Morgan
Z Morgan	A Gersh	A Gersh
G Jones	G Jones	G Jones
C Porter	C Porter	C Porter
	B Portman (until May 2018)	B Portman (until May 2018)

DIRECTORS' REPORT

The Directors of Moss Bros Group PLC present their Annual Report & Accounts and audited financial statements for the period ended 26 January 2019. The Group is also required to set out in this report a review of the business of the Group during the period ended 26 January 2019 and of the position of the Group at the period end together with a description of the principal risks and uncertainties facing it. In addition, the Group is required to set out in this report disclosures relating to likely future developments in the business of the Group, policies on diversity and employee communication and a statement on greenhouse gas emissions. The information which fulfils these requirements can be found in the Strategic Report. Information on financial risk management objectives can be found in note 27 in the notes to the financial statements.

DIVIDENDS

Given the volatile trading environment, the Board is not recommending a final dividend payment, to give the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet. The total dividend for the year is 1.50 pence per share. We will review our Dividend Policy throughout the year, considering the overall yield, balanced against the wider investment needs of the business. We remain debt free, with a strong balance sheet and are confident in our ability to deliver enhanced returns to our shareholders over the longer term.

SHARE CAPITAL

The Company has 100,799,873 ordinary shares of £0.05 in issue as at 26 January 2019. There are no restrictions on the size of individual holdings or on the transfer of these shares or on the voting rights attached to them. Each share carries the right to one vote at a general meeting of the Company.

Section 992 of the Companies Act 2006 ''the Act'', which implements the EU Takeovers Directive, requires the Group to disclose certain information. These requirements are dealt with elsewhere in the Annual Report and Accounts, however, the following additional disclosures are required.

The Board of Directors is responsible for the management of the business of the Group and may exercise all the powers of the Group subject to the provisions of the relevant statutes, the Company's existing Memorandum of Association and the Articles of Association (''the existing Articles''). The existing Articles contain specific provisions and restrictions regarding the Company's power to borrow money. Powers relating to the issuing and buying back of shares are also included in the existing Articles and such authorities are renewed by shareholders annually at the Company's Annual General Meeting.

SUBSTANTIAL SHAREHOLDERS

The Group had been notified of the following significant shareholders and interests in shares (being shareholders holding more than 3% of the Company's share capital) of the Group in March 2019, pursuant to Section 793 of the Act:

	Number of shares	% of voting rights and issued share capital
Canaccord Genuity Wealth Management	9,238,021	9.16
Artemis Investment Management (Edinburgh)	8,954,401	8.88
Legal & General Investment Management	8,676,631	8.61
Soros Fund Management	8,367,305	8.30
Chelverton Asset Management	6,849,600	6.80
Cavendish Asset Management	6,226,243	6.18
Artemis Investment Management (London)	6,207,997	6.16
ETX Capital	4,910,800	4.87
Schroder Investment Management	4,600,000	4.56
Hargreaves Lansdown Asset Management	4,512,347	4.48
Moss Bros Group Director & Related Holdings	3,758,848	3.73

The Group is not aware of any agreements between holders of these shares which may result in restrictions on the transfer of securities or voting rights.

No person holds shares with specific rights regarding control of the Company.

The Company currently does not operate any employee share schemes in relation to which there are shares with rights with regard to the control of the Company.

There are no agreements between the Company and its Directors or employees which provide for automatic compensation for loss of office or employment which occurs because of a takeover bid.

ANNUAL GENERAL MEETING

The Resolutions to be proposed at the Annual General Meeting which will be held on 15 May 2019, together with explanatory notes, appear in the Notice of Meeting sent to all shareholders with a Form of Proxy.

The following Resolutions will be proposed at the Annual General Meeting as Special Resolutions:

a) Dis-application of pre-emption rights – authorise the Directors of the Company to issue equity securities of the Company for cash without first offering them to existing shareholders.

b) Authority to buy in shares – authorise the Directors of the Company to make market purchases of the Company's shares.

c) Notice of Meeting – approve the calling of a general meeting of the Company on not less than 14 clear days' notice.

The Directors are of the opinion that all the Resolutions to be proposed at the Annual General Meeting are in the interests of the Company's Shareholders as a whole and for reasons explained within this Annual Report and the Notice of Meeting they recommend Shareholders to vote in favour of the Resolutions to be proposed at the Annual General Meeting.

DIRECTORS

The current Board of Directors is shown on page 29 of this Annual Report. All served as Directors throughout the period, and up to the date of signing this report, unless stated otherwise.

Appointments to the Board are recommended by the Nominations Committee and are made in accordance with the provisions of the Articles. In line with best practice, all Executive Directors and ongoing Non-Executive Directors have offered themselves for re-election by the shareholders at the forthcoming Annual General Meeting.

The Board confirms that, following a review of the skills and experience of the Directors it is satisfied that Maurice Helfgott, Bryan Portman, Zoe Morgan, Alex Gersh, Gareth Jones, Colin Porter and the Chairman, Debbie Hewitt, remained independent of the management of the Group.

During the year, the Group maintained liability insurance for its Directors and Officers, which remains in force at the date of this report.

In accordance with the Act, Conflicts of Interests provisions a Register of Conflicts has been established. The Group's existing Articles give the Directors authority to approve a Director's conflict or potential conflict of interest. Potential conflicts of interest are detailed on page 120 of this report.

The interests of the Directors in the ordinary shares of the Group on 26 January 2019 were:

	Number of shares at 26 January 2019	Number of shares at 27 January 2018
Debbie Hewitt	**720,893**	720,893
Brian Brick	**1,697,534**	1,787,534
Tony Bennett	**–**	–
Maurice Helfgott	**400,727**	400,727
Bryan Portman	**–**	100,000
Zoe Morgan	**76,897**	76,897
Alex Gersh	**–**	–
Gareth Jones	**–**	–
Colin Porter	**–**	–

No Director has any interests in the shares of any subsidiary undertaking. There has been no change in the beneficial interests held by the Directors since the balance sheet date. No other Directors have interests in the Group.

Brian Brick and Tony Bennett also participate in the Group's Long-Term Incentive Plan. Details are set out in the Directors' Remuneration Policy on pages 46 to 54.

By order of the Board

BRIAN BRICK
CHIEF EXECUTIVE OFFICER
5 April 2019

TONY BENNETT
FINANCE DIRECTOR AND COMPANY SECRETARY
5 April 2019

CORPORATE GOVERNANCE REPORT

CHAIRMAN'S INTRODUCTION

The Board has a wide range of responsibilities and my overall objective is to ensure that the Board has the right mix of skills and experience to leverage the opportunities and overcome the challenges that the Company faces and that it works effectively as a team to identify, prioritise, communicate and review the delivery of the goals of the Company. We ensure that there is the right mix of enquiry and support to the Executive Directors from the Non-Executives.

The Non-Executive Directors discuss and agree the strategy as outlined in the strategic review starting on page 5 with the Executive Directors and hold the Executives accountable for its execution; we ensure that we have the most talented team to execute this strategy; and we set the tone for governance.

The Board is committed to maintaining the highest standards of corporate governance, specifically ensuring that we send out consistent messages on the core values of the Company and acceptable behaviours. We have made good progress in achieving best practice and we regularly review the context, progress and maintenance of these standards, for the benefit of all of our stakeholders.

DEBBIE HEWITT
CHAIRMAN

STATEMENT OF COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE 2016 ("THE CODE")

The Group is committed to the principles of corporate governance contained in the UK Corporate Governance Code that was issued in 2016 by the Financial Reporting Council ('the Code') for which the Board is accountable to shareholders. The Board regularly reviews the effectiveness of the Group's risk management and internal control systems, which is further discussed on page 41.

Compliance with the Code was reviewed regularly and throughout the year ended 26 January 2019, the Board confirms that it has fully complied with the provisions set out in the code.

The Company has applied the principles set out in the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the principles have been applied is set out below and in the Directors' Remuneration Report and Audit Committee Report.

LEADERSHIP

THE ROLE OF THE BOARD

At 5 April 2019, the Board consisted of the Chairman, five Non-Executive Directors and two Executive Directors. The Chairman of the Board is Debbie Hewitt who joined the Board as an Independent Non-Executive Director on 1 June 2009 and was appointed acting Chairman from 25 March 2010 and Chairman from 27 April 2010. Maurice Helfgott is the Senior Independent Non-Executive Director. The Group considers Maurice Helfgott, Zoe Morgan, Alex Gersh, Gareth Jones, Colin Porter and the Chairman, Debbie Hewitt, to continue to display all of the qualities of independence as set out in the Code.

Board papers containing relevant commercial and financial information are normally provided to all Board members in the week prior to a Board meeting to enable the Directors to consider the issues for discussion. The Board regularly reviews the type and amount of information provided. The Board plans to meet at least six times a year including two meetings to review and discuss the strategic issues facing the Company. The Board also holds meetings as appropriate, to fulfil the ongoing requirements of the business during the year.

BOARD COMMITTEES

In accordance with the Code and corporate governance best practice, the Board has established a number of committees. All of the committees have written terms of reference, approved by the Board.

AUDIT COMMITTEE

The Audit Committee is chaired by Alex Gersh (CPA), and also comprises Zoe Morgan, Maurice Helfgott (MBA), Gareth Jones and Colin Porter. The terms of reference for the Audit Committee provide that the

Chief Executive Officer and Finance Director and external Auditor (including in private session without Executives) are invited to attend the meetings as appropriate.

There is an opportunity for any employee, in confidence, to raise any concerns with management about possible impropriety in financial or other matters. The Company has established an internal confidential helpline which is independent of line management.

The Board has delegated to the Audit Committee responsibility for ensuring the financial statements, when taken as a whole, are fair, balanced and understandable. The Audit Committee has considered all matters brought to its attention during the year. The Audit Committee has also considered whether there were any areas where they required more information in order to decide if the annual report is fair, balanced and reasonable and made arrangements for this information to be reported to them. The Committee met three times during the year and reported to the Board on all matters relating to the regulatory and accounting requirements affecting the Group, together with the financial reporting and internal control procedures including the annual and interim financial statements.

In addition, the Audit Committee ensures that an objective and professional relationship is maintained with the external auditor. The external auditor may attend all meetings of the Audit Committee and have direct access to the Audit Committee and its Chairman.

The Audit Committee also reviews the possible risks facing the Group, the risk management function and internal controls and need for an internal audit function. In addition, the Audit Committee challenges the assumptions within the Group's forecasts and the related forecasting processes particularly in the context of their consideration of Going Concern, the Long Term Viability statement and other key financial statement judgements. The Committee's review of the interim and full year financial statements focused on the following key areas affecting the Group's financial reporting:

Going Concern

The Committee reviews and challenges the estimates which form part of the assessment of the Group's ability to continue as a going concern and reviews the key risks which the business faces alongside detailed cash flow projections, which take account of reasonably possible changes in trading performance, showing that the Group is expected to operate within the level of its current surplus cash balances.

The Committee has considered the estimates made within the Going Concern projections and considers them reasonable for use within that assessment.

Store Impairments

As at 26 January 2019, the group held £16.8m of intangible and tangible fixed assets, excluding hire inventory (27 January 2018: £19.3m) (see note 14 and note 15). Given recent trading conditions, the assessment of store impairments has been of increased prominence compared to prior financial periods. The Committee consider store impairments to be a key source of estimation uncertainty as disclosed in note 2. The impairment review is subject to an element of judgement due to the assumptions made within cash flow projections. These assumptions relate to forecast sales growth and margin figures which are based on management estimates.

The Committee has considered the estimates made and the impairment amount for 2018/19 as detailed in notes 2 and 15 and consider the amount to be fair given the recent trading.

Dilapidations

The estimation of costs arising from dilapidations is considered a key source of estimation uncertainty given the nature of the business.

A memorandum was prepared by the Board at the interim and year end which was reviewed by the Audit Committee which sets out these key risks and estimates and how they have been addressed by the Board in their preparation of the financial statements. The provision for dilapidations has been considered as a key source of estimation uncertainty in note 2 in the notes to financial statements on page 95.

The Committee has considered the provision disclosed in notes 2 and 22 to the accounts to be an accurate estimate of future costs which may be incurred by the Group.

Other areas of focus considered by the Committee were:

Valuation of inventory and related provisions
Inventory is a significant value on the Group's balance sheet and there is an element of judgement regarding the level of obsolescence within the stock held at the balance sheet date. Given the size of the provision it is categorised as an 'other area of focus' within the audit of the Group.

The terms of reference for the Audit Committee are available from the Company Secretary and at http://corp.moss.co.uk/about/governance.

REMUNERATION COMMITTEE
The Remuneration Committee is chaired by Zoe Morgan and during the financial year also comprised Debbie Hewitt, Maurice Helfgott, Alex Gersh, Gareth Jones, Colin Porter and Bryan Portman until May 2018. The Committee reviews and develops our remuneration policy and designs it so that it incentivises our Executive Directors and aligns the way we reward them with the long term strategic goals of the business. The Committee's Annual Statement on Directors' Remuneration is set out on pages 44 and 45.

The terms of reference for the Remuneration Committee are available from the Company Secretary and at http://corp.moss.co.uk/about/governance.

NOMINATION COMMITTEE
The Nomination Committee is chaired by Debbie Hewitt and all the Non-Executive Directors are members. It monitors and reviews the membership of the succession to the Board of Directors. It identifies and recommends potential Executive and Non-Executive Directors to the Board. We have executed our Board succession activity in line with our original hypothesis and plan and are on track to continue delivering against that plan moving forwards.

The terms of reference for the Nomination Committee are available from the Company Secretary and at http://corp.moss.co.uk/about/governance.

EXECUTIVE TRADING COMMITTEE
The Executive Management team of the Group consists of the two Executive Directors, and senior members of the management team.

The Executive Management team, as well as monitoring and controlling the day-to-day management of the business, regularly reviews the strategic aims of the Group and capital and revenue expenditure.

DIVISION OF RESPONSIBILITIES
Brian Brick is the Chief Executive Officer and together with the Executive Management team is responsible for co-ordination of the Group's business activities. The structure of the Board provides a balance whereby no individual or group can dominate the Board's decision making. Brief details of each Director's other directorships are disclosed on page 29.

The Board is responsible for setting the Group's strategic direction, the establishment of Group policies and internal controls and the monitoring of operational performance. It meets regularly throughout the year and in addition to the routine reporting of financial and operational issues, reviews each of the trading areas and key functions.

The Board has a schedule of matters specifically reserved to it for decision and delegates certain issues and powers to the Board Committees. The schedule of reserved matters is reviewed by the Board annually.

EFFECTIVENESS
THE COMPOSITION OF THE BOARD
The Board recognises the importance of having a diverse range of ages, genders, backgrounds and perspective in its management team. It is in the interest of the business to have a range of ideas and

experience that such diversity brings, however the Board feel if would be inappropriate to implement targets for diversity, as this may result in overlooking well qualified candidates. As stated in the Non-Financial Information Statement on page 16, the Group has an Equal Opportunities Policy under which career development opportunities are open to all.

As set out in the Corporate Social Responsibility Statement on page 25, both the Executive Directors were male, and two out of the five Non-Executive Directors were female. As can be seen on page 29, our Board of Directors have a diverse range of backgrounds and experiences, that bring a wealth of ideas and different perspectives to our business.

The Articles provide that one-third of the Directors shall retire from office by rotation. Furthermore, Article 92 of the existing Articles requires a Director to stand for re-election if they were not appointed or re-appointed at either of the last two Annual General Meetings and article 90 requires Directors to stand for re-election if they have served as a Director for a continuous period of more than nine years.

Notwithstanding the provisions of the Articles, in compliance with best practice, all directors offer themselves for re-election annually.

Evaluation of the Board's performance has been conducted through individual questionnaires, followed by a review of the output by the Board and an action plan of improvements.

The evaluation process involves the completion of comprehensive, bespoke to Moss Bros, individual Director feedback questionnaires on all aspects of the Board, its committees and all individual Directors, including the Chairman (which was overseen by the Senior Independent Director). The completed questionnaires were collated, summarised and analysed and the Board met to discuss the findings, which were compared to the previous year's results, progress made and the setting of prioritised actions for the coming year.

This year, the evaluation identified actions which would improve the working of the Board, including:

- Agreement and articulation of strategic priorities in the context of brand strategy development work undertaken and associated analysis.
- Regular detailed reviews of the Hire, Property and E-commerce businesses to be sure that sufficient and appropriate resources are allocated to leverage the opportunities and manage risk.
- Review the recruitment of Non-Executive Directors to address Board and Committee succession.
- Extend the management talent review to cover the top two tiers of management twice yearly.

APPOINTMENTS TO THE BOARD

Board members are appointed by the Board on the recommendation of the Nomination Committee, which is chaired by the Chairman and consists of the Non-Executive Directors, although the Chief Executive Officer is invited to meetings as appropriate.

Copies of the Executive Directors' service contracts with the Company and copies of the Non-Executive Directors' letters of appointment with the Company are available from the Company Secretary.

TRAINING AND DEVELOPMENT

On appointment to the Board and to any Board Committee, every Director is provided with appropriate induction and training to enable them to discharge their duties as a Director. Additional training may be sought as necessary.

The Board has conducted a review of its effectiveness and the effectiveness of each individual Director. The conclusions of the review have been presented to and discussed by the Board as a whole and actions resulting from this review will be kept under review during the forthcoming year. The Senior Independent Director separately reviews the performance of the Chairman, with input from Executive and Non-Executive Directors.

RE-ELECTION

Subject to re-election at the first AGM after which they were appointed, Non-Executive Directors are appointed initially for a three-year term. The Group will take into account the balance of skills and experience on the Board, their contribution and level of independence when considering whether to extend their appointment beyond the initial term. The Board may ask a Non-Executive Director to remain for a further term. The Non-Executive Directors' contracts are terminable on three months' notice and the Chairman's on six months' notice.

MEETINGS AND ATTENDANCE

The Board held eight Board meetings, two Audit meetings, eight Remuneration meetings and two Nomination meetings during the year. The attendance of each of the Directors at these meetings and committee meetings where appropriate is detailed below:

		Committee meetings		
	Board meetings	Audit	Remuneration	Nomination
Number of meetings	8	2	8	2
Debbie Hewitt	8	2	8	2
Brian Brick	8	2	5	2
Tony Bennett	8	2	4	2
Maurice Helfgott	7	2	8	2
Bryan Portman*	3	1	4	-
Zoe Morgan	6	1	8	2
Alex Gersh	8	2	8	2
Gareth Jones*	1	–	1	–

*Attended meetings eligible for

INFORMATION AND SUPPORT

All Directors have access to the advice of the Company Secretary, who is responsible to the Board for ensuring that procedures are followed. In addition, the Directors are able to seek appropriate independent professional advice at the Group's expense.

The Board takes significant measures to ensure that all Board members are kept aware of both the views of the major shareholders and changes in the major shareholdings of the Group.

The Board ensures two-way communication with major shareholders, through Broker briefings and feedback from the Executive Directors following meetings with major shareholders. The Chairman also meets with major shareholders on a regular basis.

AUDIT COMMITTEE AND AUDITOR

The Audit Committee views the independence and objectivity of the Group's auditor as essential and ensures that Deloitte is not instructed on any issues which would prejudice this. The Audit Committee obtains written confirmation on at least an annual basis of the independence of the external auditor.

During the period ended 26 January 2019, the fees paid to the Group's external auditor, Deloitte LLP, for non-audit services were £Nil (2017/18: £Nil). The use of Deloitte LLP for non-audit work is carefully evaluated by the Audit Committee and the Board.

To fulfil its responsibilities regarding the external auditor, the Audit Committee also reviewed:

- the external auditor's plan for the current year, noting the role of the senior statutory audit partner, and any changes in the key audit staff;
- the arrangements for day-to-day management of the audit relationship;

- the overall extent of non-audit services provided by the external auditor; and
- the past service of the auditor that was first appointed for the year ended 31 January 2009.

It is also the Committee's policy to consider every year whether there should be an audit tender process. The Audit Committee completed a competitive audit tender process in March 2018 for audit services to be provided in the 2018/19 financial period. Following recommendation from the Audit Committee, the board approved the reappointment of Deloitte as statutory auditors. The reappointment of Deloitte LLP will be subject to the approval at the AGM in May 2019.

To assess the effectiveness of the external auditor, the Audit Committee reviewed:

- the arrangements for ensuring the external auditor's independence and objectivity;
- the external auditor's fulfilment of the agreed audit plan and any variations from the plan;
- the robustness and perceptiveness of the external auditor in their handling of the key accounting and audit judgements; and
- the content of the external auditor's reporting on internal control.

ACCOUNTABILITY

The Directors are responsible for, and have presented, a fair and balanced view of the Group's financial position, its business model and prospects. The Directors strive to ensure the business preserves and generates value over the longer term through its business model, as set out on pages 6 to 7. Each person who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Act.

Deloitte LLP have expressed their willingness to continue in office as auditor and a Resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Chief Executive's Review. The latter describes the financial position of the Group, its cash flows, liquidity position, together with the Group's objectives, key risks and uncertainties. The Group's financial risk management objectives and its exposures to credit risk and liquidity risk are described in note 27.

As also highlighted in note 27 to the financial statements, the Group meets its day-to-day working capital requirements through surplus cash balances.

The Board of Directors has undertaken a recent thorough review of the Group's budgets and forecasts and has produced detailed cash flow projections, which take account of reasonably possible changes in trading performance, showing that the Group is expected to operate within the level of its current surplus cash balances.

After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts for the 52 weeks ended 26 January 2019.

LONGER TERM VIABILITY STATEMENT

1. Assessment of Prospects

The Group conducts a significant majority of its business through physical stores, alongside a small number of transactional websites which are growing rapidly in importance to its overall omni channel offer. Less than 4% of revenue is currently generated outside of the UK.

In accordance with principle C2.2 of the UK Corporate Governance Code, the Directors have assessed the Group's viability over the three-year period to January 2022.

The retail industry is characterised by fast paced change which, when considered in relation to the Group's three-year strategic planning time horizon, the period over which long term operational decisions are assessed and the similarity to the average lease term within the store portfolio, the time horizon selected is considered appropriate.

The Group's prospects are primarily assessed through its strategic and financial planning process, which includes a detailed annual review of the ongoing plan and the Board participates fully in this process with extended meetings to review strategy and consider the annual budget.

2. Assessment of Viability

In making their assessment the Directors have taken into account the Group's current financial and operational position, the strategic plans for future development as set out within the strategic review on pages 5 to 8 and the potential impacts on the Group as a result of the principal risks and uncertainties faced by the business which are set out on pages 20 to 24.

Although the outputs of the annual budgeting and strategic planning process reflect the Director's best estimates of the future prospects of the business, the Group also assesses the impact of severe yet plausible alternative scenarios.

Scenarios are modelled to incorporate the financial and operational impact of a number of the principal risks and uncertainties faced by the Group, including the risks numbered 1) Economic, 2) Structural Change, 4) Supply Chain, 5) Brexit and 6) Costs. Sensitivity analysis was also performed which modelled the impact of the risks occurring individually or in unison in order to stress-test the resilience of the Group. The risks were modelled within the assessment as financial and liquidity impacts on;

- Sales – a significant and sustained downturn in the consumer economy (1,2,5);
- Supply Chain – an increase in product supply prices/further weakness in Sterling (1,4,5); and
- Costs – a further increase in operating costs beyond those already forecast (4,5,6).

Areas of potential mitigation to these risks were also considered and modelled, including;

- a reduction in planned capital expenditure
- a reduction in operating costs
- a reduction in dividend payments

The Group is currently debt free and is cash generative at an operating activity level. We have assumed that the Group remains debt free during the assessment period. The Directors also consider that the Group would able to source funding facilities in an event that it needed to.

Based on their assessment of the results of this analysis, the Directors have a reasonable expectation that the Group will be able to meet its liabilities, as they fall due, until January 2022.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has applied principle C.2 of the UK Corporate Governance Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board regularly reviews the process, which has been in place from the start of the year to the date of approval of this report and which is in accordance with revised guidance on internal control published in October 2005 (the Turnbull Guidance). The Board is also responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In compliance with provision C.2.1 of the UK Corporate Governance Code, the Board regularly reviews the effectiveness of the Group's risk management and internal control systems. The Board's monitoring covers all material controls, including financial, operational and compliance controls. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed a specific assessment for the purpose of this annual report. This assessment considers all significant aspects of risk management and internal control arising during the period covered by the report including the work of internal audit and loss prevention function. The audit committee assists the Board in discharging its review responsibilities.

During the course of its review of the risk management and internal control systems, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore, a confirmation in respect of necessary actions has not been considered appropriate.

The Board recognises that no system of internal control can provide absolute assurance against losses arising from mismanagement and that the Group's systems must be designed to manage rather than eliminate risk. Internal control and risk management is an ongoing process designed to identify, evaluate and manage the significant risks faced by the Group. The system of internal control includes internal financial controls, operational procedures, risk management and compliance matters. The system has been in place throughout the period ended 26 January 2019 and up to the date of this Report.

The significant risks the Board has identified are detailed in the Chief Executive's Business Review.

During the period the Board has reviewed the adequacy of the current internal audit department in accordance with the Code. In view of the size and scale of the Group, the Board decided it was not appropriate to expand the current scope of the internal audit function which focuses on inventory and cash control.

The Group's work to review the risk management structure and ensure a robust mechanism is in place for logging and monitoring risks continues.

By order of the Board

BRIAN BRICK
CHIEF EXECUTIVE OFFICER
5 April 2019

TONY BENNETT
FINANCE DIRECTOR AND COMPANY SECRETARY
5 April 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

IN RESPECT OF THE ANNUAL REPORT, THE DIRECTORS' REMUNERATION REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the 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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the parent Company financial statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors on [5 April 2019] and is signed on its behalf by:

By order of the Board

BRIAN BRICK	TONY BENNETT
CHIEF EXECUTIVE OFFICER	FINANCE DIRECTOR AND COMPANY SECRETARY
5 April 2019	5 April 2019

ANNUAL STATEMENT ON DIRECTORS' REMUNERATION

Dear Shareholder,

The following represents the Directors' remuneration report for the year ended 26 January 2019. In this annual statement I have summarised our trading performance in 2018/19 and how this relates to our remuneration decisions for this year and going forward.

We were delighted to receive a 99.98% approval vote on the Directors' remuneration report at the 2018 AGM, a substantial increase on the corresponding vote at the 2017 AGM (98.82% approval). In our 2018 Directors' remuneration report we provided greater commentary around our annual bonus plan performance measures, including a fuller description of our strategic performance objectives, reflecting shareholder's feedback which we had received in relation to the prior year's vote. We continue with that approach in this 2019 report.

REMUNERATION IN 2018/19

As explained more fully in the Chairman's statement and the Chief Executive's review earlier in this Annual Report, our 2018/19 financial year has been a challenging one for Moss Bros. Although the team traded their way through the stock issues resulting from a change in supplier strategy at the beginning of the year, the macro issues of weaker sterling exacerbated the competitive retail environment and our margins came under significant pressure. As a result, the business produced a trading adjusted loss of £0.4m, compared to a profit of £6.7m last year (restated).

The annual bonus measures for 2018/19 were based on up to 50% of potential for the achievement of PBT targets and up to 50% for the achievement of strategic performance measures. The minimum PBT of £2.2m was not met and as a result, no annual bonus will be payable to our Executive Directors for 2018/19. It is important to note that good progress was made against a number of the strategic measures, although no payment was made due to the underperformance of PBT, in line with the bonus rules. Information regarding the strategic measures is disclosed on page 48.

Our 2016 LTIP awards, which are based on the cumulative three-year performance to FYE 2018/19 missed the performance conditions (threshold target of 3-year cumulative PBT of £22.5m, actual achieved £12.8m), and these awards lapsed in full.

REMUNERATION IN 2019/20

As a Committee we specifically focus on the need for remuneration policies and practices to support our broader business strategy, which we believe will generate the best returns for all of our stakeholders.

We are also aware of the wider obligations placed upon us, including in relation to our employees. Accordingly, in line with the requirements of the revised UK Corporate Governance Code, each year the Committee receives a report on all-employee pay across the business, and this informs the decisions we make on our executive pay.

We are subject to the revised UK Corporate Governance Code in 2019/20, and we intend to report more fully in this regard in our Directors' remuneration report next year. Also, in next year's report we will set out the Directors' remuneration policy which we will present to our shareholders for approval at the 2020 AGM when the 3-year authority for our current policy requires renewal. Our current policy will continue to apply in 2019/20 without any changes that require shareholders' approval.

Looking to 2019/20, we have taken steps which we, as a Committee, believe to be appropriate and which support our strategy, and so are in the best interests of our shareholders:

- Executive Director salaries have been reviewed for 2019/20. In line with other employees, both Brian Brick, our CEO, and Tony Bennett, our Finance Director, have received an inflation-level salary increase of 1.5% and 2% respectively, giving new salaries of £337,500 and £245,000 for 2019/20 (2018/19: £332,500 and £240,000). We believe this is appropriate given their performance in the year.

- The performance measures for the 2019/20 annual bonus will be an appropriate mix of financial measures and strategic targets. We have made changes to the scorecard of measures for 2019/20; these changes refine and tighten our focus on the key drivers of performance and align all the teams in an increasingly omni-channel world.
- It is our intention to make a regular LTIP award in 2019/20:
  - The performance conditions for the LTIP for the Executive Directors will be based on 60% PBT, 20% TSR (although now measured on a relative rather than an absolute basis) and (as a new measure for 2019/20) 20% growth in online revenue.
  - The changes in our LTIP metrics for 2019's award reflect feedback from our shareholders which has been supportive of (1) measurement of TSR on relative basis rather than an absolute growth basis, and (2) the introduction to the LTIP of a 3-year strategic objective based on a key growth area.
  - Award levels in 2019 will be scaled back for the Executive Directors to ensure that the number of shares within individual awards remains appropriate, and specifically takes account of the reduction in the Company's share price during the year. The CEO's normal 100% of salary award will be reduced to 70% of base salary and the FD's award will be reduced from 70% to 60% of base salary.

FORMAT OF THE REPORT AND MATTERS TO BE APPROVED AT OUR AGM

The regulations governing the Directors' remuneration reports of listed companies require that we split our report into two sections: The Directors' Remuneration Policy sets out the Company's forward-looking approach to remuneration of our Directors and the separate Annual Report on Remuneration gives details of the payments made to Directors in 2018/19, as well as other required disclosures. The Directors' Remuneration Policy has not been changed since the 2017 AGM, therefore, we will be only holding one vote on remuneration matters at the 2019 AGM, namely a vote on the Annual Report on Remuneration.

Additionally, as a business as usual matter, the Company is renewing its 10-year authority to operate its LTIP plan. This plan was first approved by shareholders in 2009. The LTIP remains part of our Directors' Remuneration Policy and during the course of its 10-year operation, changes have been made to the LTIP rules to reflect developing market best practice (holding periods; malus and clawback). The only substantive change to the LTIP which we are seeking to have confirmed by shareholders at the 2019 AGM is that the plan will operate subject to the normal "10% in 10 years" dilution limit; the original 2009 plan had a 15% dilution limit. Current dilution usage at Moss Bros (before anticipated 2019 LTIP and Sharesave awards) is at around 4.24% of the 10% in 10 years limit.

I hope you are supportive of our approach to executive pay at Moss Bros and that you will vote in favour of the resolutions in relation to remuneration matters to be tabled at the 2019 AGM.

Finally, this is my last Directors' remuneration report as the Chairman of the Moss Bros Group Remuneration Committee. I would like to thank all our shareholders for their support and for the time which they have taken to engage with me on remuneration matters at Moss Bros since I have taken on this role. Gareth Jones will become our new Remuneration Committee Chairman from the Company's 2019 AGM, assuming election by shareholders.

Zoe Morgan
CHAIRMAN OF THE REMUNERATION COMMITTEE

DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy was approved by the Company's shareholders at the Company's AGM on 19 May 2017 and has effect on all payments made to Directors from that date. For information and ease of reference, the Directors' Remuneration Policy is included below. The Directors' Remuneration Policy has not been changed since the 2017 AGM, although for completeness the "scenario charts" within the policy have been updated to reflect certain base salary changes implemented for FY 2019/20.

The Directors' Remuneration Policy is not subject to the advisory vote on the Annual Report on Remuneration at the 2019 AGM.

INTRODUCTION

The Remuneration Committee determines the Company's policy on the remuneration of the Executive Directors and other senior executives. The principles, which underpin the remuneration policy for the Company are to:

- Ensure Executive Directors' rewards and incentives are directly aligned with the interests of the shareholders in order to reinforce the strategic priorities of the Group, optimise the performance of the Group and create sustained growth in shareholder value, without encouragement to take excessive undue risk;
- Provide the level of remuneration required to attract, retain and motivate Executive Directors and senior executives of an appropriate calibre;
- Ensure a proper balance of fixed and variable performance related components, linked to short and longer-term objectives; and
- Reflect market competitiveness, taking account of the total value of all the benefit elements.

Remuneration for the Executive Directors is structured so that the variable pay elements (annual bonus and long-term incentives) form a significant proportion of the overall package. This provides a strong link between the remuneration paid to Executive Directors and the performance of the Company. This also provides a strong alignment of interest between the Executive Directors and shareholders, particularly as half of the annual bonus and all of the long-term incentive is payable in the form of shares.

FUTURE POLICY TABLE FOR EXECUTIVE DIRECTORS

Element	Purpose and link to strategy	Operation (including framework to assess performance)	Maximum opportunity
Salary	This is the core element of pay. Ensuring we are competitive in the market allows us to attract and retain executives to achieve our key objectives, whilst managing costs.	Salaries for the Executive Directors are determined by the Remuneration Committee taking into account the experience and performance of the individual and comparing the levels of remuneration with the salaries of comparable UK based retailers. They also reflect the overall package in relation to fixed and variable pay. Base salaries are reviewed annually, unless responsibilities change. In setting appropriate salary levels for the Executive Directors and considering whether there should be any increases, the Committee takes into account pay and employment conditions of employees elsewhere in the Group. We would only expect a material adjustment of salaries in the event that the scale and complexity of the business changed substantially over time. The salaries of any newly appointed Executive Director would reflect the scale and nature of the role and the relevant experience of any newly appointed individual. There may be annual adjustments as a newly recruited Executive develops into a role.	**Annual increases are normally capped at the general Company-wide increase for all staff, although increases above this level may be made in exceptional circumstances such as change in role, increase in responsibility, increase in scale and scope of the business.**
Benefits	To provide market competitive benefits which drive employee engagement and commitment to our business.	Benefits typically comprise a car allowance, private medical insurance, life assurance and group income protection. Additional benefits may be provided if the Committee deems the expense to be reasonable and business related. Executive Directors are also eligible for benefits introduced to all other staff. For example, Executive Directors may be invited to participate in the Sharesave scheme approved by HMRC.	**Market competitive benefit level.** **Sharesave scheme subject to HMRC approved limits.**

DIRECTORS' REMUNERATION POLICY

CONTINUED

Element	Purpose and link to strategy	Operation (including framework to assess performance)	Maximum opportunity
Annual Bonus	To drive and reward market leading short term operating performance of the Group. Provide a strong focus on share price performance over the deferral period.	Based on a range of stretching targets measured over one year. These might include but not exclusively PBT, brand development, cash management, customer satisfaction and retention, channel sales growth and employee engagement. Bonus payments are determined as follows: • Performance below the threshold performance target results in zero payment. • Achievement of the threshold performance target results in a threshold payment no greater than 20% of the maximum opportunity. • Payments rise from the threshold payment to 100% of the maximum opportunity for levels of performance between the threshold and maximum targets. The Committee has discretion to reduce or amend the formulaic bonus outcome if individual performance is determined to be unsatisfactory or if the individual is the subject of disciplinary action. 50% of any bonus payment is invested in shares and deferred for a three-year period. Dividend equivalents are paid on vesting shares. Malus and Clawback provisions are in place for both cash and deferred elements.	**100% of salary for the CEO.** **80% of salary for other Executive Directors.**

Element	Purpose and link to strategy	Operation (including framework to assess performance)	Maximum opportunity
Long-Term Incentive Plan	To drive long-term performance in line with Group strategy and incentivise through share ownership.	Awards have a performance period of three years. The level of vesting is determined by measures appropriate to the strategic priorities of the business. At least half of any award will be subject to financial performance measures. The Remuneration Committee has the discretion to determine this to be based on a single measure or a number of measures. Performance below the threshold target results in no vesting. For performance between the threshold target and maximum target, vesting starts at 25% and rises to 100% of the shares. Any awards granted under this policy to Executive Directors which vest and are exercised after the completion of the three-year performance period must be held for a further two years after vesting. Malus and Clawback provisions are in place.	**Award over shares with a face value at grant of:** **70% of salary for the CEO.** **60% of salary for other Executive Directors.**
Pension	To remain competitive within the market place and to encourage flexible retirement planning for individuals.	Executive Directors are entitled to receive a pension contribution.	**20% of salary for CEO and 15% of salary for other Executive Directors.**

CHOICE OF PERFORMANCE MEASURES AND TARGET SETTING

For the annual bonus and long-term incentive, our policy is to choose performance measures which help drive and reward the achievement of our strategy and also provide alignment between employees and shareholders. The Committee reviews metrics each year to ensure they remain appropriate and reflect the future strategic direction of the Group.

Targets for each performance measure are set by the Committee with reference to internal plans and external expectations. Performance is generally measured on a 'sliding scale' so that incentive pay outs increase pro-rata for levels of performance in between the threshold and maximum performance targets.

Performance measures and targets are disclosed in the Annual Report on Remuneration. In cases where targets are commercially sensitive, for example annual profit targets for the annual bonus, they will only be disclosed retrospectively.

DIRECTORS' REMUNERATION POLICY

CONTINUED

DIFFERENCES IN PAY POLICY FOR EMPLOYEES AND EXECUTIVE DIRECTORS

No benefit of the Executive Director remuneration policy is operated exclusively for Executive Directors, and, as stated in the introduction to this Policy Report on page 46, the principles applied to the remuneration of Executive Directors are the same as those for the Company. The difference between pay for Executive Directors and employees is that Executive Director pay is structured so that the variable pay element forms a significant proportion of the overall package and the total remuneration opportunity is higher to reflect the increased responsibility of the role.

EXECUTIVE SHAREHOLDING GUIDELINES

In any event, 50% of the value awarded as part of the annual bonus scheme will be awarded as deferred shares, to be held for a period of no less than three years, and shares vesting under the LTIP scheme, if exercised, to be held for a minimum of two years after the vesting date.

Furthermore, to encourage Executive Directors to use vested LTIP shares to build and maintain a significant shareholding, executives who receive a long-term incentive award which exceeds 50% of salary are required to retain all of the post-tax number of shares until a minimum shareholding of 100% of salary has been achieved.

Executives who receive a long-term incentive award of 50% of salary are expected to build a holding of 50% of salary, along the same lines as above. Executives who receive an award below 50% of salary are expected to build a holding of 15% of salary, along the same lines as above. For the purpose of this calculation, the value of shares is calculated using the higher of their acquisition price and current market price.

NED POLICY TABLE

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	Attract and retain high calibre Non-Executive Directors	Fees for the Non-Executive Directors are determined by the Board within the limits set by the Articles of Association and are based on information on fees paid in similar companies, taking into account the experience of the individuals and the relative time commitments involved. Any reasonable business-related expenses can be reimbursed. Fees for the Non-Executive Directors are normally reviewed in alternate years.	**Current fee levels are set out in the Annual Report on Remuneration.** **Annual fee increases can be made but overall fee limit will be within the limit set out in the Company's Articles of Association[1]**

1. The maximum aggregate annual fees payable to the Non-Executive Directors is £300,000 (exclusive of VAT if applicable) or such larger sum as the company in general meeting or by ordinary resolution shall from time to time determine.

Non-Executive Directors are not entitled to bonus payments, any other benefits (except where the benefit is historical) or pension arrangements nor do they participate in the Company's long-term incentive schemes.

APPROACH TO RECRUITMENT

The principle applied in recruitment of a new Executive Director is for the remuneration package to be set in accordance with the terms of the approved remuneration policy for existing directors in force at the time of appointment. In addition, the Committee may offer additional cash and/or share-based 'buy out' awards when it considers these to be in the best interests of the Company and, therefore shareholders, including awards made under Listing Rule 9.4.2 R. Any such 'buy out' payments would be based solely on remuneration lost when leaving the former employer and would reflect the delivery mechanism (i.e. cash, shares, options), time horizons and performance requirements attaching to that remuneration. Shareholders will be informed of any such payments at the time of appointment.

As a result of this policy, the maximum ongoing variable remuneration (i.e. excluding buyout awards), which could be granted to a new Executive Director is 200% of salary.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms on grant, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the first AGM following their appointment.

Other aspects of our recruitment policy include:

- Where it is appropriate to offer a below median salary initially, a series of increases to the desired salary positioning may be given over the proceeding few years subject to individual performance and experience in role.
- Different performance measures may be set initially for the annual bonus, taking into account the responsibilities of the individual, and the point in the financial year that they joined.
- An LTIP award can be made shortly after a new Director is appointed.
- A new Director may receive fees for professional advice as appropriate.
- A new Director may receive relocation assistance if applicable.

POLICY ON PAYMENT FOR LOSS OF OFFICE

Elements of fixed remuneration are treated as follows:

Upon termination by either party the Executive Directors are entitled to salary and benefits for the duration of the notice period. It is the policy of the Remuneration Committee to seek to mitigate termination payments.

In addition, the Company can make a payment in lieu of notice equal to base salary that would have been paid over the notice period. In addition, any statutory entitlements or sums to settle or compromise claims in connection with the termination would be paid as necessary.

Elements of variable remuneration would be treated as follows:

Annual bonus

Under the Annual Incentive Plan, an employee who ceases employment or is under notice prior to the payment of bonus typically will not receive any payment. However, the Committee has discretion, where an individual is considered a 'good leaver', to make a bonus payment, payable in cash, but pro-rated for the period of time served from the start of the financial year to the date of termination and not for any period in lieu of notice or garden leave. Any such bonus payment typically would be subject to the normal bonus targets, tested at the end of the year, and would take into account performance over the notice period.

Long-Term Incentive Plan

Under the LTIP, unvested awards will normally lapse upon cessation of employment. However, in line with the plan rules, the Committee has discretion, where an individual is considered a 'good leaver', to allow awards to vest at the normal vesting date, or earlier, if circumstances warrant it. If the Committee exercises this discretion, awards are normally pro-rated to reflect time served since the date of grant and based on the achievement of the performance criteria.

DIRECTORS' REMUNERATION POLICY

CONTINUED

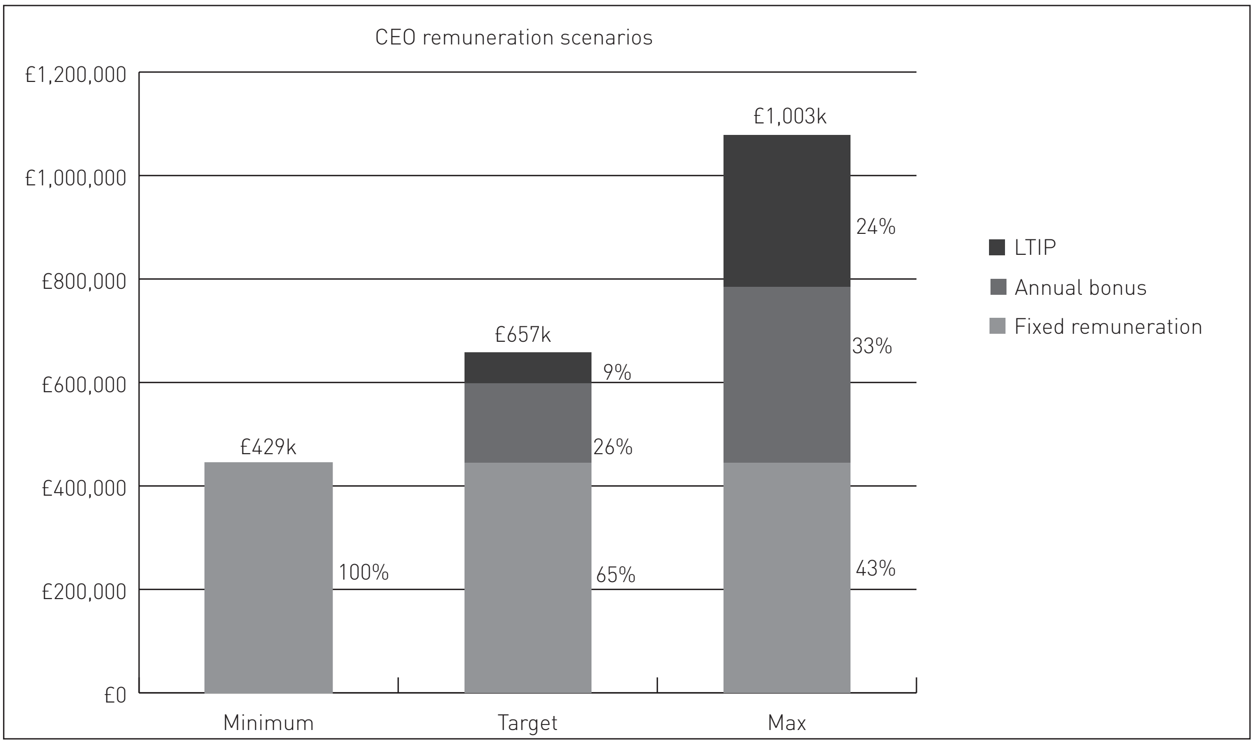
Sharesave
The Executive Directors participate on the same basis as for other employees.

APPROACH TO SERVICE CONTRACTS AND LETTERS OF APPOINTMENT
The Committee's policy is to offer service contracts for Executive Directors with notice periods of six to twelve months. In addition, the Executive Directors are subject to a six month non-compete clause from the date of termination.

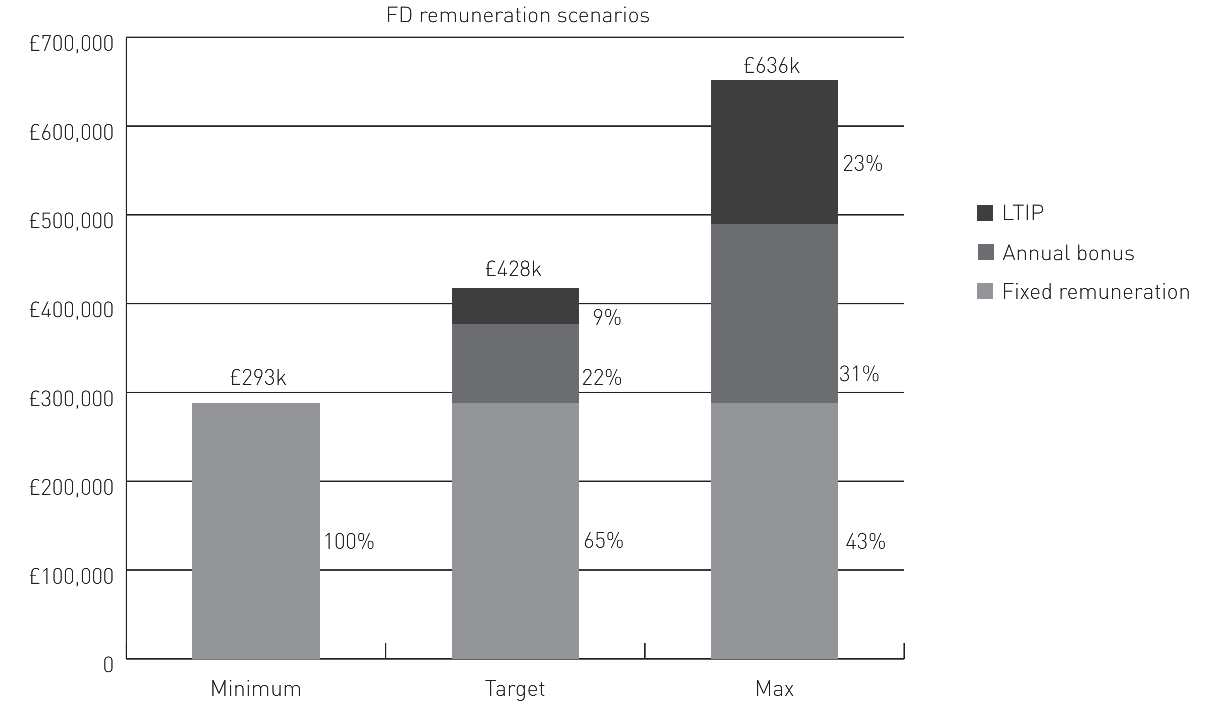
For the Chairman, appointment is terminable on six months' notice. All other Non-Executive Directors' appointments are terminable on three months' notice on either side.

ILLUSTRATION OF REMUNERATION SCENARIOS
The charts below show scenarios for the CEO and FD, based on 2019/20 remuneration:

CEO remuneration scenarios – Unaudited



FD remuneration scenarios – Unaudited



Note that the charts above aim to show how the remuneration policy set out above for Executive Directors will apply in 2019/20 using the following assumptions:

Minimum	Consists of fixed remuneration only (i.e. base salary, benefits and pension).				
	Base salary is the salary to be paid in 2019/20.				
	Benefits measured as benefits paid in the year ended 27 January 2019 as set out in the single figure table.				
	Pension measured as the defined contribution to be paid in 2019/20				
	£'000	Base Salary	Benefits	Pension	Total Fixed
	Brian Brick	£337,500	£24,000	£67,500	£429,000
	Tony Bennett	£245,000	£11,000	£36,750	£292,750
Target	Based on what the Executive Director would receive if performance was 'on-target'. Therefore, includes fixed remuneration as above plus a threshold bonus payout of 50% of maximum (CEO 50% salary: FD 40% salary) and an assumed threshold level of vesting under the LTIP (i.e. 25% of maximum, excluding share price appreciation and dividends).				
Maximum	Based on what the Director would receive if performance was at 'maximum'. Therefore, includes fixed pay as above plus a maximum bonus payout of 100% of maximum (CEO 100% salary: FD 80% salary) and full vesting of an illustrative 2019 award under the LTIP (CEO 70% salary: FD 60% salary) (excluding share price appreciation and dividends).				

STATEMENT OF CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE GROUP

The Moss Bros Remuneration Committee does not consult directly with employees when determining remuneration policy for Executive Directors. However, remuneration and pay increases across the Group are taken into account when setting pay levels for Directors.

DIRECTORS' REMUNERATION POLICY

CONTINUED

STATEMENT OF CONSIDERATION OF SHAREHOLDER VIEWS

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year. When any material changes are proposed to the remuneration policy, the Remuneration Committee Chairman will inform major shareholders in advance and will generally offer a meeting to discuss these.

KEY AREAS OF DISCRETION

Finally, we have chosen to highlight key areas of discretion in the application of our remuneration policy. These discretions are implicit in the policy stated above, but we have listed them for clarity. Key areas of discretion include, but are not limited to:

- Whether annual bonus is paid to Executive Directors once notice has been served.
- Discretion in exceptional circumstances to amend previously set annual incentive targets or to adjust the proposed pay-out to ensure a fair and appropriate outcome.
- Certain decisions relating to the Long-Term Incentive Plan awards for which the Committee has discretion as set out in the rules of the relevant share plans which have been approved by shareholders.
- The decisions on exercise of malus and/or clawback rights.

LEGACY ARRANGEMENTS

For the avoidance of doubt, in approving this Policy Report, authority is given to the Company to honour any commitments entered into with current or former Executive Directors before this remuneration policy came into force or before an individual became an Executive Director (such as the payment of outstanding incentive awards, and clothing allowance for Directors) even where it is not consistent with the policy prevailing at the time such commitment is fulfilled. Details of any payments to former Executive Directors will be set out in the Annual Report on Remuneration as they arise.

EXTERNAL DIRECTORSHIPS FOR EXECUTIVE DIRECTORS

The Company believes that there are benefits to the Company and for Executive Directors accepting non-executive directorships in other organisations. Executive Directors may accept one non-executive directorship with the prior agreement of the Board provided it does not conflict with the Group's interests and the time commitment does not impact upon the Executive Director's performance. The Executive Directors may retain the fees from their external directorship.

Details of outside directorships held by the Executive Directors and any fees that they received are provided on page 59 of the Annual Report on Remuneration.

ANNUAL REPORT ON REMUNERATION

This part of the report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and 9.8.8R of the Listing Rules. The Annual Report on Remuneration will be put to an advisory shareholder vote at the 2019 AGM which is scheduled to be held on 15 May 2019. The information on pages 55 to 65 has been audited, except for the disclosure under payments for other directorships on page 59 and the total shareholder return graph on page 63.

IMPLEMENTATION OF REMUNERATION POLICY IN 2019/20

Executive Directors' Base Salaries

As described in the Committee Chairman's Annual Statement on Directors' remuneration, the Remuneration Committee has awarded a salary increase broadly in line with all employees of 1.5% to Brian Brick and 2% to Tony Bennett for the forthcoming year, with effect from 1 February 2019. These increases will take Brian Brick's base salary from £332,500 to £337,500 and Tony Bennett's base salary from £240,000 to £245,000.

Pension and Benefits

There will be no changes to pension or benefits provision which will be consistent with the Directors' Remuneration Policy set out on pages 46 to 54.

Annual Bonus

The annual bonus in 2019/20 will be consistent with the Director's Remuneration Policy in relation to the maximum bonus opportunity (100% of base salary for the CEO; 80% for the Finance Director). For 2018/19 the proposed matrix of measures is 55% financial (40% PBT; 15% Revenues) and 45% strategic objectives. No element of any bonus measure will be paid unless the threshold level for full year 2019/20 PBT target is also achieved. In addition, no element of annual bonus will be paid unless the Committee considers this to be appropriate having considered all aspects of performance in 2019/20.

The performance measures for strategic objectives will cover digital, cutomer measures, in store customer conversion and employee engagement. The level of performance against each objective will be disclosed in the 2019/20 Annual Report on Remuneration.

In line with our policy, 50% of any bonus outcome for 2019/20 will be deferred in shares.

Long-term Incentive Plan (LTIP)

LTIP Awards will be made in April 2019 on the same terms as set out in the policy table.

- Due to the substantial reduction in the share price over the last year, awards in 2019 will be reduced from the normal policy levels for Executive Directors. The CEO's award will be reduced from 100% of base salary to 70% and the FD's award will be reduced from 70% of base salary to 60%.
- In line with our policy, all such awards are subject to a 2-year holding period post-vesting, and the executives have to achieve a shareholding guideline of 100% of salary (post shares sold to cover any tax) before they can sell any shares that vest.

The performance measures applicable to the 2019-2022 LTIP Awards are anticipated to be:

- a cumulative adjusted PBT measure as to 60% of each award;
- a relative Total Shareholder Return (TSR) measure as to 20% of each award;
- an Online revenue growth measure as to 20% of each award; and
- an underpin condition also applies, such that no part of an LTIP will be allowed to vest unless the Remuneration Committee is satisfied regarding the Company's overall financial performance in the period from the grant of awards until vesting.

The targets set for each performance measure are expected to be as follows:

Target for Vesting	Cumulative Profit before Tax[1]	TSR Relative to constituents of FTSE SmallCap (ex IT)	Online Revenue Growth 3-year CAGR over the performance period
25% vesting	£2.5m	Median	25%
50% vesting	£2.7m	Between Median and Upper Quartile rankings, vesting is straight line pro-rata	Between 25% CAGR and 30% CAGR, vesting is straight line pro-rata
75% vesting	£3.2m		
100% vesting	£3.7m	Upper Quartile	30%

1. For levels of performance in between these targets, vesting is determined using interpolation.

Cumulative Profit Before Tax for these purposes means operating profit after any charges arising from the LTIP, excluding exceptional profits, onerous lease provision release, movement in hire deposits and other material accruals unless the Remuneration Committee considers them appropriate to include.

Non-Executive Directors' Remuneration
In 2019/20, in line with Policy, there will be no review of the fees for the Chairman and Non-executive directors. They will remain as follows:

- Chairman's fee – £125,000
- NED fee (core) – £42,000
- Senior Independent Director's fee – £5,000
- Chairmanship of Audit or Remuneration Committees – £5,000

SINGLE TOTAL FIGURE OF REMUNERATION

The detailed emoluments received by the Executive and Non-Executive Directors for the year ended 26 January 2019 are detailed below:

Director £000	Financial year	Base Salary/ Fees	Benefits[1]	Pension Contributions[2]	Annual Bonus[3]	Long-term incentive[4]	Total[8]
Brian Brick	2018/19	333	24	67	–	4	**428**
	2017/18	328	25	66	–	3	422
Tony Bennett	2018/19	240	11	36	–	2	**289**
	2017/18	225	12	34	–	3	274
Debbie Hewitt	2018/19	125	1	–	–	–	**126**
	2017/18	120	–	–	–	–	120
Maurice Helfgott	2018/19	47	–	–	–	–	**47**
	2017/18	44	–	–	–	–	44
Bryan Portman[5]	2018/19	16	–	–	–	–	**16**
	2017/18	44	–	–	–	–	44
Alex Gersh[6]	2018/19	46	–	–	–	–	**46**
	2017/18	11	–	–	–	–	11

Director £000	Financial year	Base Salary/ Fees	Benefits[1]	Pension Contributions[2]	Annual Bonus[3]	Long-term incentive[4]	**Total[8]**
Zoe Morgan	2018/19	47	–	–	–	–	**47**
	2017/18	44	–	–	–	–	44
Gareth Jones[7]	2018/19	2	–	–	–	–	**2**
	2017/18	–	–	–	–	–	–

1. Taxable benefits include the provision to every Executive Director of private medical insurance (Brian Brick £5k; Tony Bennett £2k), life assurance, group income protection, and car allowance (Brian Brick £18k; Tony Bennett £10k). A clothing allowance benefit is available to Debbie Hewitt and Brian Brick.
2. Brian Brick received a pension contribution of 20% of salary; Tony Bennett received a pension contribution of 15% of salary.
3. Annual Bonus payments for performance in the relevant financial year. Note that this includes the 50% of payment element deferred in shares for three years.
4. For Brian Brick and Tony Bennett, the LTIP figures represent the intrinsic gain (discount at grant) of sharesave options granted in the year.
5. Bryan Portman retired from the Board on 31 May 2018.
6. Alex Gersh was appointed on 1 November 2017.
7. Gareth Jones joined the Board on 14 January 2019.
8. The aggregate remuneration of all Executive and Non-Executive Directors under salary, fees, benefits, cash supplements in lieu of pensions and annual incentive was £1,001k (2017/18: £959k).

ADDITIONAL INFORMATION IN RESPECT OF THE SINGLE FIGURE TABLE

2018/19 Annual Bonus

For 2018/19, the maximum bonus opportunity for Brian Brick was 100% of salary, and for Tony Bennett was 80% of salary. The bonus was payable 50% on the achievement of PBT targets, and 50% based on the achievement of strategic objectives, subject to the achievement of a minimum level of PBT. As the minimum PBT target was not met, no annual bonus was awarded in respect of 2018/19. The performance measures, targets and payments are set out below:

Measure	Threshold target	Payment for threshold	Maximum target	Payment for maximum	2018/19 Outcome	Payment
2018/19 Adjusted PBT[1]	£2.2m	20% of maximum	£6.2m	50% of maximum	-£0.4m	Nil

1. Adjusted PBT for annual bonus purposes for 2018/19 means operating profit after any charges arising from the LTIP and excludes exceptional profits, onerous lease provision release, movement in revenue deposits and other material accruals unless the Remuneration Committee considers them appropriate to include.

The strategic objectives against which bonus would have been payable, had the minimum level of PBT been achieved, included progress on our active customer base, customer conversion and employee engagement, Hire NPS and digital business and operating platforms. The Progress made against these strategic metrics would have resulted in a cumulative award of between 30% and 40% of salary. The weightings and progress against each of the measures is set out below, although no bonus is payable as the minimum level of PBT was not achieved.

Strategic Objective	% Bonus Potential	2018/19 Achievement	% Bonus Paid
Active Customer Base: Target 183,000 This measures the number of online customers that Moss Bros holds personal details for and they have purchased from us in a 12-month period.	15%	Achieved above Target: 192,286	0%
Customer Conversion: Target 10.6% This measures the number of customers that visit a Moss Bros store and leave after making a purchase.	5%	Achieved Threshold but not Target: 10.57	0%
Employee Engagement: Target 62% Is the measure of how engaged our employees are in the business and with their own individual role	5%	Achieved at Target: 62%	0%
Net Promoter Score for Hire: Target 38 NPS Hire measure the loyalty that exists between Moss Bros and our customers who Hire from us	10%	Not Achieved: 30	0%
Digital Performance: Target £21.7m Is the revenue driven by customers buying from us via our online platform	15%	Achieved above Target: £22.3m	0%
Total	50%	Had profit threshold been met a total award of between 30% and 40% of salary would have been made	0%

Long-term incentive plan vesting

Moss Bros cumulative adjusted PBT[1] for the three years to 27 January 2019 of £12.8m was below the threshold performance target of £22.5m relating to outstanding share awards made under the 2016 LTIP Award. Accordingly, no part of these awards vested and all now lapse.

Executive[1]	Number of shares subject to LTIP award	Cumulative adjusted PBT performance target and corresponding % of shares vesting				Cumulative adjusted PBT outcome	% of shares vesting	Value of shares vesting
		£22.5m	**£25.5m**	**£27.0m**	**£29.0m**			
Brian Brick	310,445	25%	50%	75%	100%	£12.8m	0%	Nil
Tony Bennett	61,228	25%	50%	75%	100%	£12.8m	0%	Nil

1. Cumulative adjusted PBT performance target for the 2016 LTIP Award means operating profit after any charges arising from the LTIP. It excludes exceptional profits, onerous lease provision release, interest, movement in hire deposits and other material accruals unless the Remuneration Committee considers them appropriate to include.

PAYMENTS FOR LOSS OF OFFICE

No director left office during the year and accordingly no compensation for loss of office was paid.

PAYMENTS TO PAST DIRECTORS

There were no payments to past directors in the year.

PAYMENTS FOR OTHER DIRECTORSHIPS – UNAUDITED

Brian Brick is a director of Ambleside Consulting Limited. He is the only fee earning Director of Ambleside Consulting Limited. His continuation as a Director of Ambleside was agreed by the Board when he became CEO of Moss Bros in March 2009. Brian Brick did not receive any income during the year to 26 January 2019 relating to the consulting activities of Ambleside Consulting Limited.

In the past, Ambleside has provided consulting assignments to SFD, a visual display and merchandising company, who, up until March 2012, provided services to Moss Bros. For clarity, Ambleside provided no consulting services to SFD in the financial year to 26 January 2019.

As per the disclosure on page 29, Brian Brick is also a director of three property companies, Ambleside Estates, Ambleside Investments and Hattrick Properties and of a dormant company Brijon Ltd. These companies are/have been personal investment vehicles for Brian Brick.

SCHEME INTERESTS AWARDED DURING THE YEAR

LTIP awards granted in the year

On 30 April 2018 Executive Directors received awards under the LTIP. These awards were in line with the policy set out in the Directors' Remuneration Policy and details of these awards are set out below. The vesting proportion of these awards will be included in the single figure table in the 2020/21 Annual Report on Remuneration, once the performance period has ended.

Executive Director	Number of shares subject to LTIP awards[1]	Basis	Face Value[2]	Performance period	Cumulative PBT[3]		TSR[4]	
					% of award vesting	Target[5]	% of award vesting	Target[5]
Brian Brick	678,571	100% of base salary	£332,500	28 January 2018 to 30 January 2021	25%	£11.6m	25%	100% absolute increase
					50%	£13.0m		
					75%	£15.0m		
					100%	£17.0m	100%	175% absolute increase
Tony Bennett	342,857	70% of base salary	£168,000	28 January 2018 to 30 January 2021	25%	£11.6m	25%	100% absolute increase
					50%	£13.0m		
					75%	£15.0m		
					100%	£17.0m	100%	175% absolute increase

1. LTIP awards are structured as nil-cost options.
2. Based on a share price of [49p] which was the share price used to calculate the share allocation.
3. Cumulative adjusted PBT performance measure applies to 70% of each award.
4. Absolute TSR performance measure applies to 30% of each award.
5. For levels of performance in between these targets, vesting is determined using interpolation.

Deferred share awards granted in the year

No deferred share awards were granted in 2018/19 as the annual bonus for 2017/18 was nil.

Sharesave options granted in the year

The Group operates a tax-advantaged Sharesave scheme. All eligible employees, including Executive Directors, may be invited to participate on similar terms to save up to a maximum of £500 each month for a fixed period of three years. During the year Brian Brick and Tony Bennett participated in this scheme and were granted options, details of which are set out below.

Executive Director	Date of grant	Number of shares subject to Sharesave options granted during period	Basis	Face Value[1]	Exercise price	Vesting Date
Brian Brick	10 May 2018	46,153	£500 per month	£22,615	39 pence	1 June 2021
Tony Bennett	10 May 2018	23,076	£250 per month	£11,307	39 pence	1 June 2021

1. Face value calculated based on a share price of 49p which the share price was used to calculate the Sharesave exercise price.

DIRECTORS' INTERESTS IN SHARES

The tables below set out details of Executive Directors outstanding share awards (which will vest in future years subject to performance and/or continued service).

LTIP

	At 28 January 2018	Granted during the period	Exercised/ lapsed during the period[1]	At 26 January 2019	Date of award	Performance period	Exercise period	Share price on date of grant £	Exercise price £	Share price on date of exercise
Brian Brick	286,439	–	(286,439)	–	14.04.2015	01.02.2015–27.01.2018	04.04.2018–04.04.2025	1.05	–	–
	310,445	–	–	310,445	12.04.2016	31.01.2016–26.01.2019	04.04.2019–04.04.2025	1.02	–	–
	324,578	–	–	324,578	20.04.2017	29.01.2017–25.01.2020	04.04.2020–04.04.2027	1.01	–	–
	–	678,571	–	678,571	30.04.2018	28.01.2018–30.01.2021	04.04.2021–04.04.2028	0.49		
	921,462	678,571	(286,439)	1,313,594						
Tony Bennett	61,228	–	–	61,228	31.10.2016	31.01.2016–26.01.2019	04.04.2019–04.04.2025	1.02	–	–
	155,401	–	–	155,401	20.04.2017	29.01.2017–25.01.2020	04.04.2020–04.04.2027	1.01	–	–
	–	342,857	–	342,857	30.04.2018	28.01.2018–30.01.2021	04.04.2021–04.04.2028	0.49		
	216,629	342,857	–	559,486						

1. Gains of Executive Directors from share options exercised and vesting shares under the LTIP in 2018/19 were £Nil (2017/18: 171,356, relating to Brian Brick and Robin Piggott).

All awards granted under the LTIP are subject to continued employment and the satisfaction of the performance conditions set out below.

LONG-TERM INCENTIVE PLANS

The performance conditions applicable to the outstanding LTIP awards are as follows:

Year of grant	Grant as % of salary	Condition(s)	Threshold 25% vesting	On-target 50% vesting	75% vesting	Maximum 100% vesting	Performance period
2016	CEO: 100% FD: 70%	Cumulative PBT	£22.5m	£25.5m	£27.0m	£29.0m	3 financial years ending January 2019
2017	CEO: 100% FD: 70%	Cumulative PBT	£23.0m	£25.0m	£28.0m	£30.0m	3 financial years ending January 2020
		TSR	10% p.a.			20% p.a.	
2018	CEO: 100% FD: 70%	Cumulative PBT	£11.6m	£13.0m	£15.0m	£17.0m	3 financial years ending January 2021
		TSR	100% increase			175% increase	

Share ownership

As set out in the Directors' Remuneration Policy, Executive Directors will be required to retain all of the post-tax number of shares until a minimum shareholding has been achieved. Executives who receive an award which exceeds 50% of salary are expected to build a holding equal in value to 100% of salary, before they are allowed to sell the vested shares. Executives who receive an award of 50% of salary are expected to build a holding of 50% of salary, along the same lines as above. Executives who receive an award below 50% salary are expected to build a holding of 15% of salary, along the same lines as above.

As at 26 January 2019, Brian Brick has met the guideline. Tony Bennett was appointed to the Board in 2016 and will be required to retain all vesting share awards until he complies with the share ownership guideline.

	Interests in ordinary shares (No. shares)		Share awards subject to performance conditions[1] (No. shares)		Share awards subject to service conditions[2] (No. shares)		Sharesave options[3] (No. shares)		Total (No. shares)	
	28 January 2018	26 January 2019	28 January 2018	26 January 2019	28 January 2018	26 January 2019	28 January 2018	26 January 2019	28 January 2018	26 January 2019
Brian Brick	1,787,534	1,697,534	921,462	1,313,593	119,301	119,301	22,020	46,153	2,850,317	3,176,581
Tony Bennett	–	–	216,629	559,486	27,254	27,254	11,138	23,076	255,021	609,816
Debbie Hewitt	720,893	720,893	–	–	–	–	–	–	720,893	720,893
Maurice Helfgott	400,727	400,727	–	–	–	–	–	–	400,727	400,727
Bryan Portman	100,000	–	–	–	–	–	–	–	100,000	–
Zoe Morgan	76,897	76,897	–	–	–	–	–	–	76,897	76,897
Alex Gersh			–	–	–	–	–	–		
Gareth Jones			–	–	–	–	–	–		

The beneficial and non-beneficial interests of the directors in the share capital of Moss Bros at 26 January 2019 are set out above:

1. These awards represent the outstanding LTIP interests which are included in the table on page 60.
2. These awards represent the nil-cost options awarded in respect of deferred annual bonus. Brian Brick has one award outstanding which will vest subject to continued employment on 11 April 2020.
3. Represents the Sharesave scheme interest which will vest on 1 June 2019 and 1 June 2020.
4. During the year ended 26 January 2019, the highest mid-market price of the Company's shares was 72p and the lowest mid-market price was 24.5p. At 25 January 2019 (the last dealing day prior to year-end), the Company's share price was 25.63p.

RELATIVE IMPORTANCE OF THE SPEND ON PAY

The following table sets out the percentage change in distributions to shareholders and employee remuneration costs.

	2018/19	2017/18	% Change
Employee remuneration costs (£'000)[1]	24,111	23,811	1.3%
Distributions to shareholders (£'000)[2]	3488	6,040	(42.3%)

1. Based on the figure shown in note 12 to the Financial Statements.
2. Based on the cash returned to shareholders in 2018/19 through dividends as shown in note 13 to the Financial Statements. Note that no share buyback programmes are in operation.

PERCENTAGE INCREASE IN THE REMUNERATION OF THE CHIEF EXECUTIVE

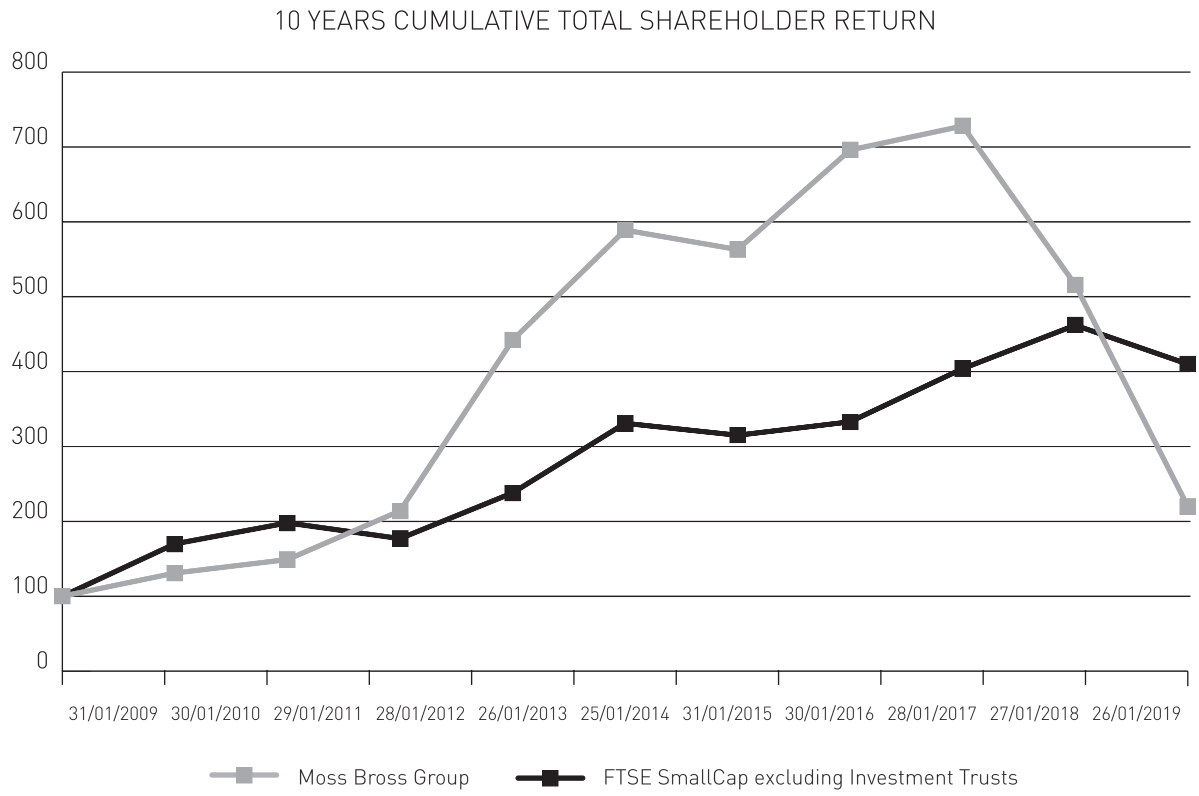
The table below shows the movement in the salary, benefits and annual bonus for the Chief Executive between the current and previous financial year compared to all employees of the Company.

Element of remuneration		% Change in 2018/19
Salary	Chief executive	1.5%
	Average per FTE* employee	2.1%
Taxable benefits	Chief executive	(3.5%)
	Average per FTE* employee	(3.6%)
Annual Bonus	Chief executive	(100%)
	Average per FTE* employee	(13.6%)

* FTE means the average monthly number of full-time equivalent staff employed by the Company during the period.

PERFORMANCE GRAPH AND SINGLE FIGURE TABLE

The graph below shows the total cumulative shareholder return for the Group since 1 February 2009 (unaudited). The index selected was the FTSE Small Cap Index (excluding investment trusts) as this was the index of which the Group was a constituent for most of the period shown.



The table below shows the total remuneration for the Chief Executive Officer over the same ten-year period. Note that all LTIP share awards are valued at the year end date prior to the date of vest. All deferred bonus shares are valued at the date of grant of the award.

Year Ending	CEO	Total Remuneration (£000)	Annual Bonus (% of max)[1]	Long-term incentives (% of max)[2]
26/01/2019	Brian Brick	428	0%	0%
27/01/2018	Brian Brick	422	0%	0%
28/01/2017	Brian Brick	784	75%	50%
30/01/2016	Brian Brick	642	0%	50%
31/01/2015	Brian Brick	779	0%	75%
25/01/2014	Brian Brick	1,498	55%	25%
26/01/2013	Brian Brick	652	100%	0%
28/01/2012	Brian Brick	2,422	100%	75%
29/01/2011	Brian Brick	471	60%	0%
30/01/2010	Brian Brick	315	20%	0%

1. Note that this shows the annual bonus payments as a percentage of the maximum opportunity.
2. The number of shares which vested as a percentage of the maximum number of shares which could have vested. Further details regarding vesting of LTIP awards is set out on page 44.

MEMBERSHIP AND ATTENDANCE

During the period ended 26 January 2019, the Committee consisted of the following Non-Executive Directors:

- Zoe Morgan (Chairman)
- Maurice Helfgott
- Debbie Hewitt (Chairman of the Company)
- Bryan Portman (left the Board 15 May 2018)
- Alex Gersh
- Gareth Jones (from appointment on 14 January 2019)

Maurice Helfgott, Zoe Morgan, Alex Gersh and Gareth Jones are independent Non-Executive Directors, as was Bryan Portman until he left the Company on 15 May 2018. Gareth Jones joined the Company on 14 January 2019. The Company Chairman, Debbie Hewitt (who is considered independent), is also a member of the Committee. Moss Bros Group plc falls under the category of a 'small company' as defined by the UK Corporate Governance Code, which only requires two independent Non-Executive Directors to sit on the Remuneration Committee. The Committee met three times during the year. Committee attendance is set out on page 38. Mr Brick (CEO), Mr Bennett (Finance Director) and Ms Gomez (People Director) attended by invitation as appropriate.

Adviser to the committee

During 2018/19, the Committee received advice from FIT Remuneration Consultants LLP ("FIT"), on senior executive remuneration and employee share schemes. FIT is a member of the Remuneration Consultants Group and complies with its code of conduct. FIT provided no other services to the Company during the period. FIT do not advise management and the Committee is therefore comfortable that FIT's advice is objective and independent. For the year under review total fees charged by FIT were £14,000 plus VAT.

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Brian Brick's contract of service which is dated 16 April 2009 is terminable on twelve months' notice by either party, and subject to a non-compete clause of six months. Tony Bennett's service contract which is dated 10 February 2016 is terminable by either party on six months' notice and also subject to a non-compete clause of six months. Non-Executive Directors' appointment dates and notice periods are set out below:

Details of their current appointments are as follows:	Appointment date	Notice Period
Debbie Hewitt[1]	1 June 2009	6 months
Maurice Helfgott	19 October 2010	3 months
Bryan Portman[2]	1 July 2011	3 months
Alex Gersh	1 November 2017	3 months
Zoe Morgan[3]	1 November 2012	3 months
Gareth Jones	14 January 2019	3 months

1. Debbie Hewitt was appointed as Chairman on 25 March 2010, she has announced her intention to retire from the Board on 15 May 2019.
2. Bryan Portman retired from the Board on 15 May 2018.
3. Zoe Morgan will retire from the Board on 15 May 2019.

DILUTION

The LTIP has a dilution limit (for new and treasury shares) of 15% of the issued ordinary share capital of the Company in any 10-year period for any share option scheme operated by the Company. As at 26 January 2019 the Company had utilised 4,278,094 (2017/18: 9,802,192) ordinary shares through LTIP, deferred share awards and Sharesave awards counting towards the 15% limit which represents 4.2% (2017/18: 9.7%) of the issued ordinary share capital of the Company.

STATEMENT OF SHAREHOLDER VOTING

At last year's AGM, the Annual Report on Remuneration received the votes from shareholders shown below. For reference, the votes of shareholders at the 2018 AGM to approve the Directors' Remuneration Policy are also shown.

	Annual Report on Remuneration (2018 AGM)	Directors' Remuneration Policy (2017 AGM)
Votes cast in favour (%)	59,099,604 (99.98%)	52,512,669 (99.82%)
Votes cast against (%)	10,501 (0.02%)	93,429 (0.18%)
Total votes cast (%)	59,110,105 (100%)	52,606,098 (100%)

For and on behalf of the Board

Zoe Morgan
CHAIRMAN OF THE REMUNERATION COMMITTEE
5 April 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MOSS BROS GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion:

- the financial statements of Moss Bros Group PLC (the 'parent company') and its subsidiaries ('the group') give a true and fair view of the state of the group's and of the parent company's affairs as at 26 January 2019 and of the group's loss for the 52 weeks then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: • Going concern • Store impairments • The valuation of inventory and related provisions • The provision for property dilapidations Within this report, any new key audit matters or matters are identified with and any key audit matters which are the same as the prior year are identified with .
Materiality	The materiality that we used for the group financial statements was £480,000 which was determined on the basis of the consideration of revenue, net assets, and profit/loss before tax in the current and two preceding periods (2017/18: £540,000 based on profit before tax).
Scoping	Our audit of the group consists of a full scope audit of Moss Bros Group PLC as the only trading entity and analytical procedures performed on the other dormant subsidiaries. All audit work for the group was performed directly by the audit engagement team.
Significant changes in our audit approach	Going concern is a new key audit matter based on current volatility in the UK retail market, the trading results of the group, utilisation of cash reserves during the year, and the lack of committed debt facilities. In relation to the valuation of inventory and related provisions, the shrinkage provision is no longer part of the focus for this key audit matter due to the mechanical nature of the calculation and the immaterial size of the provision. There have been no other significant changes in our audit approach compared to the prior year.

CONCLUSIONS RELATING TO GOING CONCERN, PRINCIPAL RISKS AND VIABILITY STATEMENT

Going concern	
We have reviewed the directors' statement in note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements. We considered as part of our risk assessment the structure and nature of the group, its business model and related risks including where relevant the impact of Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.	**We confirm that we have nothing material to report, add or draw attention to in respect of these matters.**

Principal risks and viability statement	
Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: • the disclosures on pages 20 to 24 that describe the principal risks and explain how they are being managed or mitigated; • the directors' confirmation on page 41 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity; or • the directors' explanation as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We are also required to report whether the directors' statement relating to the prospects of the group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	**We confirm that we have nothing material to report, add or draw attention to in respect of these matters.**

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern	
Key audit matter description	The economic environment continues to be challenging for the UK retail sector as a whole, and has worsened in 2018, with consumer confidence being impacted by the continued uncertainty surrounding Brexit. The Group has suffered a difficult trading year, and the Group reported a £4.2m statutory pre-tax loss for the year (adjusted pre-tax loss of £0.4m). The Group's cash reserves have decreased from £17.5m at 27 January 2018 to £10.9m at 26 January 2019; while the Group remains debt free, it has no committed debt facilities which increases the liquidity risk. Net cash inflows from operating activities were £3.0m (2017/18: £12.6m). The directors are required to consider whether the going concern basis is the appropriate basis of preparation of the financial statements. As reported within the Corporate Governance report, the directors have reviewed the Group's budgets and forecasts and produced detailed cash flow projections, which take account of reasonably possible changes in trading performance. These projections show that the Group is expected to operate within the level of its current surplus cash balances. We consider going concern to be a key audit matter for 2018/19, as there is a high level of management judgement and estimation involved in preparing the base level forecasts, particularly in the context of the current retail climate and given the Group's underperformance against budget in the current year, which was partially caused by the stock shortages experienced in the first quarter of the year. There is also significant judgement applied in determining the sensitivities and mitigations to be used within the going concern model. The directors' going concern assessment is included within the Corporate Governance report. Going concern is also identified as a key area of focus within the Audit Committee's report on pages 34 to 36.
How the scope of our audit responded to the key audit matter	We have performed an assessment of the appropriateness of management's use of the going concern basis in the preparation of financial statements. The procedures we performed in relation to management's going concern assessment included: – assessing the design and implementation of management's processes and controls in the preparation and review of the going concern model; – obtaining an understanding of the basis of preparation of the profit and loss forecasts used within the model, and considering the appropriateness of the forecasts in the light of current trading, UK retail market conditions and ongoing Brexit uncertainty; – obtaining an understanding of the basis of preparation of cash flow forecasts from the profit forecasts, including adjustments in relation to working capital, capital expenditure, and other material cash items;

INDEPENDENT AUDITOR’S REPORT

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	– challenging the assumptions used within the base case model, including revenue and gross margin growth and cost increases, through reference to the Group’s past performance, historical forecasting accuracy, and known external factors such as increases in the National Minimum Wage; – challenging the sensitivities applied by management to assess whether they are severe enough to reflect a reasonably possible downside scenario and are reflective of the principal risks facing the group, including reflection of management’s worst case scenario in relation to the possible impact of Brexit; – challenging the key cost and capital expenditure mitigations applied by management to assess whether they are achievable and can be implemented on a timely basis, and considering any knock-on impact of cost and capex mitigating activities on sales, customer service, product quality and employees; – involving retail restructuring experts in our challenge of the above areas, in particular focussing on the reasonableness of cost-cutting mitigations, and completeness of the risks considered; – based on our challenge of the base case, sensitivities, and mitigations noted above, performing additional analysis on the model through variations to the sensitivites and mitigations applied, primarily in relation to sales forecasts, and cost and capex mitigations, in order to identify periods of increased liquidity risk, and discussing these with management. Specifically in relation to sales, management assumed a sensitivity to reduce sales against budget by 5%-7.5% from August 2019. Taking into account 2018/19 performance and the current volatility in the UK retail market, we applied an additional sales sensitivity to include an earlier reduction in sales in H1 of 3%. Using management’s combined sensitivites model with mitigations, we also peformed breakeven analysis to assess whether a decrease in sales which would result in cash headroom being extinguished would be considered a reasonably possible downside scenario; – obtaining management’s paper on the possible impacts of Brexit on the Group, including in a “no-deal” scenario, and ensuring that these had been approriately reflected within the going concern model sensitivities; and – reviewing the disclosures within the corporate governance report in relation to going concern for consistency with our understanding of the Group and the underlying model.
Key observations	Under management’s base case model and the sensitivity scenarios with mitigations, the Group’s forecast cash remains positive throughout the going concern period. Additionally, under our additional sensitivity analysis, the Group’s forecast cash still remains positive. We therefore reported to the Audit Committee that we consider the use of the going concern assumption to be appropriate.

Store impairments	
Key audit matter description	As at 26 January 2019, the group held £16.8m of intangible and tangible fixed assets, excluding hire inventory (27 January 2018: £19.3m) (see Note 14 and Note 15). As described in the accounting policies in Note 1 and within key sources of estimation uncertainty in Note 2, there is a risk of material misstatement that the carrying value of these assets may be higher than the recoverable amount, particularly where stores are loss-making or demonstrating indicators of poor or declining performance. This continues to be a key audit matter in light of the difficult trading environment in the UK retail sector and volatiity in consumer confidence which has been further impacted by the uncertainty surrounding Brexit negotiations. This is also identified as a key area of focus within the Audit Committee's report on pages 34 to 36. As required by IAS 36 *Impairment of assets*, management performs an annual assessment of indicators of impairment for the fixed assets within each store. Where indicators of impairment are present, the recoverable amount of the fixed assets within the store is calculated and an impairment loss recognised to reduce the assets' carrying value to the recoverable amount. In the current period, as a high number of stores exhibited indicators of impairment and in conjunction with the directors' strategic store review programme, a full impairment review was carried out for all stores including calculation of their recoverable amount and comparison to their carrying value. The impairment review is subject to an element of estimation due to the assumptions made within cash flow projections. These assumptions relate to forecast sales growth and margin figures which are based on management estimates. Within the store portfolio there are three stores which have opened during the year with a total net book value of £1.4m. As new stores can take up to three years to establish a stable level of trading, there is increased judgement in relation to the forecast sales and margins for these stores. An impairment charge of £2.2m has been recorded in the period (period to 27 January 2018: £148,000) in relation to 26 stores, reflecting the continued challenging market conditions. The impairment charge is considered to be material in size and in nature, and has therefore been disclosed separately as an adjusting item in order to provide the readers of the accounts with additional information on the performance of the Group.

How the scope of our audit responded to the key audit matter	We assessed the impairment model and charge for the year by: – assessing the design and implementation of management's processes and controls for identifying indicators of impairment and for performing detailed impairment reviews; – testing the mechanical accuracy of the model; – testing the inputs to the impairment model to supporting documentation including the Board approved budget, actual 2017/18 store EBITDA and store asset net book values; – involving our internal valuation specialists to assess the appropriateness of the discount rate applied; – challenging the reliability of the forecasts through comparison of 2018/19 forecasts to actual performance and reviewing performance since 26 January 2019, and considering the appropriateness of the forecasts in the light of ongoing Brexit uncertainty; – considering the consistency of the forecasts with those used with the going concern model, over which a number of procedures were performed as described within the going concern key audit matter; – comparing the key revenue and gross margin assumptions driving the cash flow projections to external industry and other benchmark data and discussing these with management and the Audit Committee; and – reviewing the provisional outcomes of the directors' strategic store review programme and considering the potential impact on impairment and accelerated depreciation. During our work we identified six stores for which we performed further incremental procedures including: – evaluating management's longer-term plans for these stores through our knowledge of the business, review of management's strategic store portfolio review, and inquiries of non-financial management in relation to plans for changes to management teams, targetted sales strategies, and other store intiatives; – holding discussions with our internal property experts as to the trading potential for each of the sites; – reviewing post year end trading figures for the stores compared to budget; – performing sensitivity or breakeven analysis on the two stores with the highest net book values in order to further assess the potential requirement for further impairment.
Key observations	We reported to the Audit Committee that our audit procedures were performed satisfactorily and we are satisfied that the impairment charge recognised of £2.2m is appropriate.

Valuation of inventory and related provisions	
Key audit matter description	Inventory is presented net of provisions for: • obsolescence and items to be sold at less than cost; and • shrinkage. There is an element of judgement relating to the obsolescence provision which is based on historical evidence, management estimates of post year end trading volumes, and the current economic conditions. The changing trends and economic environment require judgements in respect of provisions to be reassessed at each reporting date. Due to the high level of management judgment involved in calculating the obsolescence provision, we have determined that there was a potential for fraud through possible manipulation of this balance. The shrinkage provision is no longer part of the focus for this key audit matter due to the mechanical nature of the calculation and the immaterial size of the provision. Total net inventory valuation as at 26 January 2019 is £17.4m (27 January 2018: £15.4m) with provisions held against inventory of £0.9m (27 January 2018: £0.6m) (see Note 17). The provision for obsolescence and items to be sold at less than cost is £0.8m (27 January 2018: £0.5m) and the provision for shrinkage is £0.1m (27 January 2018: £0.1m). Provisions represent 5.0% of gross inventory (27 January 2018: 3.8%). The inventory balance has increased by £2.0m during the year against a low comparative caused by the inventory shortages at the start of 2018. The level of provisioning has increased proportionately due to the Group holding a higher volume of inventory aged more than two seasons at the year end date. Inventory provisioning is discussed within the accounting policy within Note 1. This is also identified as an other area of focus within the Audit Committee's report on pages 34 to 36.
How the scope of our audit responded to the key audit matter	We considered the inventory provision for obsolescence and items to be sold at less than cost through performing the following procedures: – testing the operating effectiveness of key controls around the valuation of provisions within the inventory cycle. We visited the Distribution Centre in Barking to test controls around the perpetual counting process, in addition to attending a sample of 5 store counts; – checking the mathematical accuracy of management's recorded provision; – challenging the provision against each season's stock based on historical sales data, current price lists and stock levels; – considering selling prices, volumes and margins achieved subsequent to the year end, season by season.
Key observations	We reported to the Audit Committee that the audit response procedures were performed satisfactorily and we are satisfied that the provisions recorded in respect of inventory are appropriate.

Provision for property dilapidations	
Key audit matter description	The Group's retail stores and outlets are occupied under operating leases. Historically the Group has maintained a provision in respect of dilapidation costs by estimating the cost of dilapidations to be incurred for stores with leases expiring within 18 months of the year end, stores where the lease has expired prior to the year end, or stores where a schedule has been served by the landlord. In the current year, as part of the strategic store portfolio review discussed within the Chief Executive's Review, management have identified a number of stores which will be exited should performance not improve prior to the lease expiry or break date. The dilapidation provision has been extended to cover stores with leases breaking or expiring within 30 months of the year end, where these are part of the strategic store review programme and management intend to exit. The portion of the dilapidation charge attributable to this strategic store portfolio review has been recognised as an adjusting operating item. Management judgement is involved in calculating these provisions as there are estimates involved in determining which leases to hold a provison for, and the size of the provision for each store based on the estimate of costs, particulaly where no schedule has been served. The dilapidations provision has increased from £0.8m as at 27 January 2018 to £1.1m as at 26 January 2019 (see Note 25). This is identified as a key source of estimation uncertainty in Note 2 and within the accounting policy within Note 1. This is also identified as a key area of focus within the Audit Committee's report on pages 34 to 36.
How the scope of our audit responded to the key audit matter	We performed the following procedures in relation to the dilapidation provision: • assessing the design and implementation of the controls in place in relation to the calculation of the provision for dilapidations; • assessing the ongoing applicability of the dilapidation provisioning policy in the light of claims received during the period; • reviewing leases expiring within 18 months of the year end for which no provision has been made to determine if the provision is complete; • considering the completeness of the provision with regard to stores for which claims or landlord schedules had been received but no provision made; • considering the consistency of the provision for dilapidations with the board approved store review programme, with a focus on stores with leases breaking or expiring within 30 months of the year end where management intend to exit; • verifying the utilisation, additions and releases of the provision by agreeing them to supporting documentation where possible (such as settlement agreements, landlord claims served, legal correspondence, and bank statements) or assessing them against similar current and historical claims where no supporting documentation was available, and by corroborating these through discussion with the group's property manager;

	• assessing management's additional provision in relation to stores identified for potential exit within the store review programme for reasonableness and challenging the classification of the associated cost as an adjusting item; and • assessing the historical forecasting accuracy of the provision by assessing previously provided amounts to settled dilapidations payments.
Key observations	We reported to the Audit Committee that the audit response procedures were performed satisfactorily and we are satisfied that the provision for dilapidations is appropriate.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£480,000 (2017/18: £540,000)	£473,000 (2017/18: £534,000)
Basis for determining materiality	Our materiality is determined on the basis of the consideration of revenue, net assets, and profit/loss before tax in the current and two preceding periods. Materiality is 0.4% of revenue, 1.7% of net assets, and 14.9% of average absolute profit/loss before tax in the current and two preceding periods. In 2017/18, our materiality was determined on the basis of profit before tax, being 8.0% of profit before tax.	Consistent with 2017/18, materiality for the parent company is determined on the same basis as for the Group.
Rationale for the benchmark applied	Due to the Group reporting a statutory and adjusted loss in the current year, the basis for our materiality calculation has been revised, as profit/loss alone is not considered an appropriate benchmark to use. We determined materiality on a blended basis with reference to 3 benchmarks, which together are considered to better reflect the stability in revenue and net assets of the Group, and the overall size and scale of the business.	The parent company represents 100% of the group's revenues and profits and 99% of the equity. Therefore the same rationale applies as for the Group.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £24,000 (2017/18: £27,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

INDEPENDENT AUDITOR'S REPORT

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AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit of the Group consists of a full scope audit of Moss Bros Group PLC as the only trading entity and analytical procedures performed on the other dormant subsidiaries. All audit work for the group was performed directly by the audit engagement team.

Other information	
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that: • *Fair, balanced and understandable* – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or • *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or • *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.	**We have nothing to report in respect of these matters.**

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and the audit committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: inventory provisioning, store impairments, and going concern; and

INDEPENDENT AUDITOR'S REPORT

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- obtaining an understanding of the legal and regulatory framework that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, tax legislation and pensions legislation. In addition, we consider National Minimum Wage legislation, General Data Protection Regulation, employment legislation, health and safety legislation, anti-bribery legislation and anti-money laundering regulations to be laws and regulations which have an indirect effect on the Group.

Audit response to risks identified

As a result of performing the above, we identified the valuation of inventory and related provisions, store impairments and going concern as key audit matters. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC; and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; or • 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.	**We have nothing to report in respect of these matters.**
Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.	**We have nothing to report in respect of these matters.**

OTHER MATTERS

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board in May 2008 to audit the financial statements for the 52 week period ending 31 January 2009 and subsequent financial periods. Following a competitive tender process in March 2018, we were reappointed by the Board in May 2018 for the 52 week period ending 26 January 2019 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 11 years, covering the years ending 31 January 2009 to 26 January 2019.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

USE OF OUR REPORT

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CATHERINE LUCY NEWMAN FCA (Senior Statutory Auditor)
FOR AND ON BEHALF OF DELOITTE LLP
Statutory Auditor
1 New Street Square
London
EC4A 3PA
United Kingdom

5 April 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 26 JANUARY 2019

	Notes	52 weeks to 26 January 2019 Adjusted £'000	52 weeks to 26 January 2019 Adjusting* £'000	**52 weeks to 26 January 2019 TOTAL £'000**	52 weeks to 27 January 2018 Restated £'000
CONTINUING OPERATIONS					
Revenue	5	128,987	–	**128,987**	131,723
Cost of sales		(54,768)	–	**(54,768)**	(52,890)
Gross profit		74,219	–	**74,219**	78,833
Administrative expenses		(6,109)	(118)	**(6,227)**	(5,937)
Shops' selling and marketing costs		(68,611)	(3,681)	**(72,292)**	(66,234)
Operating (loss)/profit		(501)	(3,799)	**(4,300)**	6,662
Other gains and losses	27	14	–	**14**	21
Investment revenues	6	76	–	**76**	37
Finance costs	6	(4)	–	**(4)**	–
(Loss)/profit on ordinary activities before taxation	7	(415)	(3,799)	**(4,214)**	6,720
Tax credit/(charge)	11	(179)	547	**368**	(1,362)
(Loss)/profit after taxation attributable to equity holders of the parent	21	(594)	(3,252)	**(3,846)**	5,358
OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY INTO PROFIT OR LOSS					
Cash flow hedges					
Gain/(loss) on derivative designated in cash flow hedge relationships		1,828	–	**1,828**	(1,853)
Amounts transferred to inventory as basis adjustment		(84)	–	**(84)**	–
Deferred tax on cash flow hedge relationships		(80)	–	**(80)**	–
Other comprehensive income/(loss) for the year, net of tax		1,664	–	**1,664**	(1,853)
Total comprehensive (loss)/income for the year		1,070	(3,252)	**(2,182)**	3,505
Earnings per share (pence)					
Basic – total	12	(0.59p)	(3.24p)	**(3.83p)**	5.33p
Diluted – total	12	n/a	n/a	**n/a**	5.32p

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

(Loss)/profit and total comprehensive (loss)/income is entirely attributable to owners of the parent.

* Adjusting items are set out in note 30.

The restatement relates to the transition to IFRS 15 as set out in note 3.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 26 JANUARY 2019

52 WEEKS ENDED 27 JANUARY 2018	Share capital £'000	Share premium account £'000	Share-based payments £'000	Employee benefit trust £'000	Hedging Reserve £'000	Retained earnings £'000	Total equity £'000
BALANCE AT 29 JANUARY 2017	5,040	8,673	637	(138)	418	22,869	37,499
Transition to IFRS 15 (note 3)	–	–	–	–	–	(97)	(97)
BALANCE AT 29 JANUARY 2017 (restated)	5,040	8,673	637	(138)	418	22,772	37,402
Profit for the period	–	–	–	–	–	5,351	5,351
Transition to IFRS 15 (note 3)	–	–	–	–	–	7	7
Profit for the period (restated)	–	–	–	–	–	5,358	5,358
Other comprehensive income:							
Loss on derivative designated in cash flow hedge relationships	–	–	–	–	(1,853)	–	(1,853)
Total comprehensive (loss) / income for the period (restated)	–	–	–	–	(1,853)	5,358	3,505
Dividends paid (note 13)	–	–	–	–	–	(6,040)	(6,040)
Debit to equity for equity settled share-based payments	–	–	(72)	–	–	–	(72)
Exercise of shares held under option	–	–	(382)	–	–	382	–
Movement on deferred tax on equity settled share-based payments	–	–	(6)	–	–	–	(6)
Movement on current tax on exercise of equity settled share–based payments	–	–	–	–	–	8	8
Sale of shares by employee benefit trust	–	–	–	286	–	(286)	–
Subscription to employee benefit trust	–	–	–	(466)	–	–	(466)
BALANCE AT 27 JANUARY 2018 (restated)	**5,040**	**8,673**	**177**	**(318)**	**(1,435)**	**22,194**	**34,331**

52 WEEKS ENDED 26 JANUARY 2019	Share capital £'000	Share premium account £'000	Share-based payments £'000	Employee benefit trust £'000	Hedging Reserve £'000	Retained earnings £'000	Total equity £'000
BALANCE AT 28 JANUARY 2018 (restated)	5,040	8,673	177	(318)	(1,435)	22,194	34,331
Loss for the period	–	–	–	–	–	(3,846)	(3,846)
Other comprehensive income:							
Gain on derivative designated in cash flow hedge relationships	–	–	–	–	1,828	–	1,828
Amounts transferred to inventory as basis adjustment	–	–	–	–	(84)	–	(84)
Deferred tax on cash flow hedge relationships	–	–	–	–	(80)	–	(80)
Total comprehensive (loss)/income for the period	–	–	–	–	1,664	(3,846)	(2,182)
Dividends paid (note 13)	–	–	–	–	–	(3,488)	(3,488)
Credit to equity for equity settled share-based payments	–	–	122	–	–	–	122
Movement on deferred tax on equity settled share-based payments	–	–	(2)	–	–	–	(2)
BALANCE AT 26 JANUARY 2019	**5,040**	**8,673**	**297**	**(318)**	**229**	**14,860**	**28,781**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 26 JANUARY 2019

	Notes	**26 January 2019 £'000**	27 January 2018 Restated £'000	29 January 2017 Restated £'000
ASSETS				
Intangible assets	14	**2,701**	2,177	1,443
Property, plant and equipment	15	**15,620**	19,354	18,792
Leasehold improvements	15	**1,288**	1,336	1,252
Deferred tax assets	11	**1,798**	1,277	1,200
TOTAL NON-CURRENT ASSETS		**21,407**	24,144	22,687
Inventories	17	**17,267**	15,393	16,709
Trade and other receivables	18	**4,587**	4,594	3,688
Contract assets	19	**263**	197	143
Current tax asset		**81**	–	–
Cash and cash equivalents	27	**10,854**	17,477	19,518
Derivative financial instruments	27	**417**	–	411
TOTAL CURRENT ASSETS		**33,469**	37,661	40,469
TOTAL ASSETS		**54,876**	61,805	63,156
LIABILITIES				
Trade and other payables	22	**17,106**	16,552	15,293
Contract liabilities	23	**2,230**	2,118	2,104
Derivative financial instruments	27	**–**	1,421	–
Provisions	25	**1,044**	1,205	1,252
Current tax liability		**–**	767	1,181
TOTAL CURRENT LIABILITIES		**20,380**	22,063	19,830
Other payables	24	**3,493**	3,481	3,208
Provisions	25	**1,120**	908	1,321
Deferred tax liabilities	11	**1,102**	1,022	1,395
TOTAL NON-CURRENT LIABILITIES		**5,715**	5,411	5,924
TOTAL LIABILITIES		**26,095**	27,474	25,754
NET ASSETS		**28,781**	34,331	37,402
EQUITY				
Called up share capital	20	**5,040**	5,040	5,040
Share premium account	21	**8,673**	8,673	8,673
Share-based payments	21	**297**	177	637
Employee benefit trust	21	**(318)**	(318)	(138)
Hedge reserve	21, 27	**229**	(1,435)	418
Retained earnings	21	**14,860**	22,194	22,772
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	21	**28,781**	34,331	37,402

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

The financial statements of Moss Bros Group plc (registered number 00134995) on pages 80 to 121 were approved by the Board of Directors on 5 April 2019 and were signed on its behalf by:

BRIAN BRICK
CHIEF EXECUTIVE OFFICER
5 April 2019

TONY BENNETT
FINANCE DIRECTOR
5 April 2019

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 26 JANUARY 2019

	Notes	**52 weeks to 26 January 2019 £'000**	52 weeks to 27 January 2018 Restated £'000
OPERATING ACTIVITIES			
Profit after taxation		**(3,846)**	5,358
Adjustments for:			
Taxation (credit)/charge	11	**(368)**	1,362
Other gains	27	**(14)**	(21)
Investment income	6	**(76)**	(37)
Financial costs	6	**4**	–
Amortisation of intangible assets	14	**1,045**	862
Impairment of tangible fixed assets	15	**2,171**	148
Depreciation of tangible fixed assets	15	**6,017**	5,720
Loss on disposal of property, plant and equipment		**195**	348
(Increase)/decrease in inventories		**(1,957)**	1,316
Decrease/(increase) in receivables		**(61)**	(960)
Increase in payables		**670**	1,659
Increase/(Decrease) in provisions		**51**	(461)
Share-based payments expense	10	**122**	(91)
Exercise of share options		**–**	(382)
Taxation paid		**(1,003)**	(2,222)
NET CASH FROM OPERATING ACTIVITIES		**2,950**	12,599
INVESTING ACTIVITIES			
Interest received	6	**76**	37
Interest paid	6	**(4)**	–
Purchase of intangible assets	14	**(1,570)**	(1,652)
Purchase of property, plant and equipment	15	**(4,609)**	(6,826)
Proceeds from the sale of property, plant and equipment		**22**	21
NET CASH USED IN INVESTING ACTIVITIES		**(6,085)**	(8,420)
FINANCING ACTIVITIES			
Dividends paid	13	**(3,488)**	(6,040)
Proceeds of employee benefit trust share sale		**–**	286
Subscription to employee benefit trust		**–**	(466)
NET CASH USED IN FINANCING ACTIVITIES		**(3,488)**	(6,220)
Cash and cash equivalents at beginning of period		**17,477**	19,518
Net (decrease) in cash and cash equivalents		**(6,623)**	(2,041)
Cash and cash equivalents at end of period		**10,854**	17,477

The above Consolidated and company Statement of Cash Flows should be read in conjunction with the accompanying notes.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 26 JANUARY 2019

	Notes	**26 January 2019 £'000**	27 January 2018 Restated £'000	29 January 2017 Restated £'000
ASSETS				
Intangible assets	14	**2,701**	2,177	1,443
Property, plant and equipment	15	**15,620**	19,354	18,792
Leasehold improvements	15	**1,288**	1,336	1,252
Investments	16	**9,502**	9,502	9,502
Deferred tax asset	11	**1,798**	1,277	1,200
TOTAL NON-CURRENT ASSETS		**30,909**	33,646	32,189
Inventories	17	**17,267**	15,393	16,709
Trade and other receivables	18	**6,738**	6,745	5,839
Contract assets	19	**263**	197	143
Current tax asset		**81**	-	-
Cash and cash equivalents	27	**10,854**	17,477	19,518
Derivative financial instruments	27	**417**	-	411
TOTAL CURRENT ASSETS		**35,620**	39,812	42,620
TOTAL ASSETS		**66,529**	73,458	74,809
LIABILITIES				
Trade and other payables	22	**29,288**	28,734	27,475
Contract liabilities	23	**2,230**	2,118	2,104
Derivative financial instruments	27	**-**	1,421	-
Provisions falling due within one year	25	**1,044**	1,205	1,252
Current tax liability		**-**	767	1,181
TOTAL CURRENT LIABILITIES		**32,562**	34,245	32,012
Other payables	24	**3,493**	3,482	3,209
Provisions falling due after one year	25	**1,120**	908	1,321
Deferred tax liability	11	**1,102**	1,022	1,395
TOTAL NON-CURRENT LIABILITIES		**5,715**	5,412	5,925
TOTAL LIABILITIES		**38,277**	39,657	37,937
NET ASSETS		**28,252**	33,801	36,872
EQUITY				
Called up share capital	20	**5,040**	5,040	5,040
Share premium account	21	**8,673**	8,673	8,673
Share-based payments	21	**297**	177	637
Employee benefit trust	21	**(318)**	(318)	(138)
Acquisition reserve	21	**4,370**	4,370	4,370
Hedge reserve	21,27	**229**	(1,435)	418
Profit and loss account	21	**9,961**	17,294	17,872
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	21	**28,252**	33,801	36,872

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The Company loss after taxation for the year ended 26 January 2019 was £3,846,000 (27 January 2018: £5,358,000 restated profit). The profit for 27 January 2018 before restatement was £5,351,000.

The above Company Statement of Financial Position should be read in conjunction with the accompanying notes.

The financial statements of Moss Bros Group plc (registered number 00134995) were approved by the Board of Directors on 5 April 2019 and were signed on its behalf by:

BRIAN BRICK
CHIEF EXECUTIVE OFFICER
5 April 2019

TONY BENNETT
FINANCE DIRECTOR
5 April 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 26 JANUARY 2019

1. PRINCIPAL ACCOUNTING POLICIES

Moss Bros Group PLC ("the Company") is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is 8 St Johns Hill, Clapham Junction, London, SW11 1SA. The Company is registered in England and Wales. The nature of the Group's operations and its principal activities are set out in the Strategic Review on pages 5 to 8. The consolidated financial statements of the Group headed by the Company ("the Group") for the 52 weeks ended 26 January 2019 ("the year") comprise the Company and its subsidiaries.

BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and therefore the group financial statements comply with Article 4 of the EU IAS Regulation.

The preparation of financial information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting policies are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Adjusting Items –

The Statement of Comprehensive Income sets out the results for the 52-week period ended 26 January 2019 before and after adjusting for the impact of certain items by virtue of its materiality in either size or nature or relates to a significant restructuring programme. Management are of the opinion that presenting the Statement of Comprehensive Income before and after adjusting for the impact of these items is necessary to understand the Group's financial performance during the period. Explanations of adjusting items are disclosed in note 30. There were no adjusting items in the 52-week period to 27 January 2018.

The Group's significant accounting policies are set out in this note, together with the judgements made by management in applying these policies. Management consider there to be no critical accounting judgements. The key sources of estimation uncertainty are disclosed in note 2. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies set out below have been consistently applied to the comparative Statement of Financial Position for the purposes of transitioning to IFRS 15, the basis for which and the explanations of the adjustments are disclosed in note 3.

The Group and Company financial statements are presented in sterling because that is the currency of the primary economic environment in which the Group operates, and all values in tables are rounded to the nearest thousand pounds except when otherwise indicated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED DURING THE PERIOD

The Group and Company have adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are the most relevant to the Group:

IFRS 9 'Financial Instruments' –

The Group has adopted IFRS 9 from 28 January 2018.The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

The Group is using the prospective approach of adoption. The Group has applied the full requirements of IFRS 9 to all its financial instruments including the Group's cashflow hedge accounting. The IAS 39 comparatives are disclosed in note 27.

No material differences have arisen from transitioning to the new standard.

The Group applies the simplified approach in measuring contract assets and receivables.

Regarding hedge accounting, entities have the choice to continue to apply IAS 39. Moss Bros Group PLC has elected to apply the hedge accounting requirements of IFRS 9 from 28 January 2018, which is the date of initial application of the Standard.

The new standard allows for increased eligibility of hedged items (e.g. risk components, aggregated exposures, groups and net positions), increased eligibility of hedging instruments has new hedge effectiveness requirements and requires additional disclosures about an entity's risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the financial statements.

When applying IFRS 9 for the first time, the Group reflected the following accounting choices in the hedge model and hedge documentation:

- The Group does not separate the forward element and the spot element of its forward contracts and does not designate, as the hedging instrument, the change in the value of the spot element.
- The foreign currency basis spread is not separated and not excluded from the designation of the forward contracts as the hedging instrument.

As required by IFRS 9 (unlike under IAS 39 where it was only an accounting policy choice), the accumulated hedging gain or loss at that date is removed from the cash flow hedge reserve and included directly in the initial cost of the inventory ("basis adjustment") when the highly probable forecast transaction subsequently results in the recognition of inventory. Since the Company has already chosen this treatment as an accounting policy choice under IAS 39, there is no further impact of this accounting requirement under IFRS 9. Further details are disclosed in note 27.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

IFRS 15 'Revenue from contracts with customers' –
The Group has adopted IFRS 15 from 28 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Group applied the full retrospective approach on transition to IFRS 15.

An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 3.

NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 3	Definition of a Business
IFRS 9	Prepayment Features with Negative Compensation
IFRS 16	Leases
IFRS 17	Insurance contracts
IAS 1 and IAS 8	Definition of Material
IAS 19	Plan Amendment, Curtailment or Settlement
IAS 28	Long-term Interests in Associates and Joint Ventures
IFRIC 23	Uncertainty over Income Tax Treatments
Conceptual Framework	Amendments to References
Annual Improvement Cycle	2015-2017 Cycle

Beyond the information below, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

IFRS 16 'Leases' –
IFRS 16 was issued in January 2016 and introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees and will supersede the current lease guidance including IAS 17 'Leases' and the related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and the Group plans to adopt IFRS 16 on 27 January 2019.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The Group currently intends to elect and apply the modified retrospective approach on transition to IFRS 16. As a result, the cumulative effect of initially applying IFRS 16 shall be recognised at the date of initial application. The Group intends to take advantage of the following practical expedients on transition, and such policies have been applied in the Group's impact assessment prescribed below:

(a) The Group shall measure right-of-use assets at the date of transition equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position;

(b) The Group applies the use of hindsight at the date of initial application in determining the lease term and assessing the reasonableness of exercising any extension, termination or purchase options;

(c) The Group excludes initial direct costs from the measurement of the right-of-use asset at the date of transition;

(d) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics;

(e) The Group applies IAS 36 'Impairment of Assets' at the initial date of application in determining the measurement of right-of-use assets;

(f) The Group elects not to apply the requirements of IFRS 16 to leases which end within 12 months of the date of transition;

(g) The Group elects not to apply the requirements of leases for which the underlying asset is of low value.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

The Group has undertaken a full assessment of the Group's contracts at the date of transition and have identified leases for retail and storage units, motor vehicles, printers, and footfall counters for where Moss Bros PLC is the 'customer'. Such arrangements will result in the recognition of right-of-use assets and corresponding liabilities in respect of all these leases unless they qualify as low value or short-term leases upon the application of IFRS 16.

IFRS 16 is expected to have the largest impact on the Group's Retail and storage unit portfolio due to the number of leases identified, the annual rent charge, and the remaining lease terms. The group identified 141 leases for retail and storage units.

The Group is undergoing an exercise to determine the incremental rate of borrowing to apply to the leases at transition. We are still in the process of finalising the appropriate discount rate to use, but we are expecting the right-of-use assets and lease liabilities to be in the region of £65-£70 million. The depreciation charge for the year after the date of initial application on such assets is anticipated to be circa £16 million. The interest charge arising from the unwinding of the lease liability is expected to be circa £5 million.

The Group has not identified any arrangements for where it is the lessor except for eight subleasing arrangements. In all cases these will be classified as operating leases, therefore there is no impact on transition.

In the Group's assessment, initial direct costs were excluded, impairment of right-of-use assets was considered in accordance with IAS 36, and the discount rate was applied to all leases such that they are considered to be part of the same portfolio. The Group is in the process of determining appropriate portfolio classes for its leases by considering which arrangements have similar characteristics.

CONSOLIDATION

The consolidated Group accounts incorporate the accounts of the Company and entities controlled by the Company (its subsidiaries), all of which have made up their accounts to 26 January 2019. Subsidiaries are entities controlled by the Company. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable return from its involvement with the investee; and has the ability to use its power to affect its returns.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost, less amounts written off for any impairment in value. All investments in subsidiary undertakings are held by the Company and are eliminated upon consolidation.

COMPANY FINANCIAL STATEMENTS

The Company financial statements have been prepared in accordance with IFRS as adopted by the EU and under the historical cost convention except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. The following Company accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements. As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The Company only cash flow statement is the same as the Group as presented in the Consolidated Statement of Cash Flows. The movements in the Company only equity balances are the same as detailed in the Consolidated Statement of Changes in Equity.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Chief Executive's Business Review. The latter describes the financial position of the Group, its cash flows, liquidity position, together with the Group's objectives, key risks and uncertainties. The Group's financial risk management objectives and its exposures to credit risk and liquidity risk are described in note 27.

As also highlighted in note 27 to the financial statements, the Group meets its day-to-day working capital requirements through surplus cash balances.

The Board of Directors has undertaken a recent thorough review of the Group's budgets and forecasts and has produced detailed cash flow projections, which take account of reasonably possible changes in trading performance, showing that the Group is expected to operate within the level of its current surplus cash balances.

After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts for the 52 weeks ended 26 January 2019.

In making their assessment, the Directors have considered the principal risks and uncertainties faced by the Group by the nature of ongoing Brexit negotiations which have negatively impacted consumer confidence in the retail sector. Delayed Brexit negotiations have extended the period of uncertainty with the terms of the UK's exit from the European Union still unknown. As a result detailed planning has become challenging, but the Group has given consideration to best and worst case scenarios in developing contingency plans in order to minimise the associated risks.

REVENUE

As per IFRS 15 the Company is required to recognise revenue amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue comprises sales to third parties (excluding VAT) and is derived from the retail sale and hire of clothing and ancillary goods. For store retail purchases, revenue is recognised on exchange of goods as this is the point at which the above criteria are met. For the hire of clothing, the performance obligations are met when the hire clothing and ancillary goods are collected for use by the customer. For Tailor Me, the exchange of goods occurs upon collection. Franchise revenue is recognised on the day of purchase as the goods are transferred to the customer at this point.

Deposits and advances taken in relation to Hire and Tailor Me create contract liabilities until the performance obligations are satisfied at the collection date. E-commerce revenue is recognised at despatch date as this is the point where the performance obligations are met. Upon despatch the courier company becomes responsible for successful delivery. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

The Group offers a full refund on retail sales within 28 days. The estimated value of consideration relating to refunds is excluded from retail revenue. Management estimates the refund liability by considering the products expected to be returned. The liability creates a refund asset and a refund liability, and the cost of the estimated refund is reflected in cost of sales.

COST OF SALES & INVENTORIES

Inventory includes all costs of purchases and costs incurred in bringing inventories to their present location and condition. Costs of purchase comprise the purchase price, other taxes and transport costs. These costs are recognised as cost of sales upon sale of inventory. Inventory write downs are included in cost of sales when incurred.

Retail inventory is valued at the lower of cost (weighted average by season) and estimated net realisable value (estimated selling price less costs to be incurred in selling and distribution). Cost includes all direct expenditure and other attributable costs incurred in bringing inventories to their present location and condition. The cost of inventory also includes the cost of the basis adjustment transferred from the hedging reserve resulting from applying cash flow hedge accounting to the Group's inventory sourcing as disclosed in note 27.

The classification of hire inventory as property, plant and equipment is discussed in the property, plant and depreciation accounting policy. All inventories are finished goods.

Provision is made for the estimated obsolescence of old seasons' lines based on historical margin trends and items where cost exceeds net realisable value. Shrinkage and the estimated loss of inventory from shop theft, based on historical data, is also included within the provision.

FOREIGN EXCHANGE

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date and gains or losses on translation are included in the Statement of Comprehensive Income.

LEASES

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in payables. As at 26 January 2019 and 27 January 2018, the Group had no finance leases. All other leases are defined as operating leases.

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Amounts payable in respect of contingent rents are recognised in the period to which the sales relate.

Lease incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of expense on a straight-line basis.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. IFRS 9 is applied prospectively and the IAS 39 comparatives are disclosed in note 27.

Financial assets –

A. Trade and Other Receivables – Trade receivables represent amounts due in respect of sub-tenant, wholesale and franchise income. Trade and other receivables are recorded initially at fair value and subsequently measured at amortised cost less any allowance for expected credit losses. Due to the short-term nature of these types of receivables, any interest is immaterial. Generally, this results in the items being carried at nominal value.

   The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance to measure the expected credit losses. Trade and other receivables have been grouped based on days overdue.

B. Contract assets – Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

C. Right of return assets – Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

D. Cash and cash equivalents – Cash and cash balances comprise cash balances and call deposits where they have a maturity date from acquisition of three months or less or include a cancellation option for the Group to access the deposits within three months.

Impairment of financial assets –

A. The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

   Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Financial liabilities –

A. Trade and Other payables – Trade and other payables are recorded initially at fair value and subsequently measured at amortised cost. Due to the short-term nature of these types of payables, any interest is immaterial. Generally, this results in the items being carried at nominal value.

B. Contract liabilities – Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

C. Refund liabilities – Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

Derivative financial instruments –

A. Derivative financial instruments – The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in note 27.

   Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. During both the current and prior period, the Group has only entered into cash flow hedges. The group enters in to cash flow hedges to protect against foreign currency movements in its direct sourcing inventory purchase commitments.

   A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

B. Hedge accounting – Hedges of foreign exchange risk on highly probable forecast transactions are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and at interim and period end, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item.

C. Cash flow hedge –
   The Company applies the IFRS 9 hedge accounting requirements prospectively from 28 January 2018 which is the date of initial application of the standard. All hedge relationships under IAS 39 at date of initial application continued to qualify for hedge accounting under IFRS 9. The IFRS 9 hedge requirement is more principles-based, provides a better link to risk management, however the fair value measurement has not changed by the new requirements. The accounting policy choices the Company has made are disclosed in note 27.

   The risk management strategy of the company has not changed from previous years as such cash flow hedges are used to protect against the Group's variability in cash flows that is attributable to the foreign currency movements in its direct sourcing inventory purchase commitments.

   The cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

   - the cumulative gain or loss on the hedging instrument from inception of the hedging relationship. This is the cumulative change in fair value of the forward contracts
   - the cumulative change in fair value (present value) of the highly probable forecast transactions (hedged items) from inception of the hedging relationship. This is the present value of the cumulative change in the hedged expected future cash flows.

   The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge – i.e. the portion that is offset by the change in the cash flow hedge reserve – is recognised in OCI. Any remaining gain or loss on the hedging instrument – or any gain or loss required to balance the change in the cash flow hedge reserve calculated – is hedge ineffectiveness that is recognised in profit or loss.

   Since the forecast transaction that is hedged results in the recognition of a non-financial asset (inventory), the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset. The Company has not rebalanced any of its hedging relationships in 2018/2019. Under IFRS 9 rebalancing occurs when a hedging relationship may subsequently fail to meet the hedge effectiveness requirement regarding the hedge ratio, however the Company's risk management objective for that designated hedging relationship may remain the same. In this case, the Company could adjust the hedge ratio so that it meets the qualifying criteria again.

   Cash flow hedges are tested for effectiveness on a regular basis prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

   Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

DIVIDENDS

Dividends are not accrued until approved by Shareholders.

TAXATION

Group

The tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profits as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

DEFERRED TAX

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if a temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is not discounted.

PENSIONS

The Group contributes to defined contribution schemes. Contributions payable to the Group Personnel Pension Plan and other post-retirement benefits are charged to the Statement of Comprehensive Income in the period to which they relate. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

The Group does not operate or contribute to any defined benefit plans.

SHARE-BASED PAYMENTS

The Group has a Long-Term Incentive Plan (LTIP), a Save As You Earn (SAYE) scheme, and a deferred bonus shares share-based payment scheme in place.

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date.

The fair values of all options granted under the LTIP, SAYE and deferred bonus shares schemes, with the exception of the 2017 and 2018 LTIP grant, are measured using the Black-Scholes model, taking into account the terms and conditions upon which the options and shares were granted.

The 2017 and 2018 LTIP grant has performance conditions which are split between market based and non-market based conditions. The Monte Carlo valuation model has been used to determine fair value at grant date of the market based proportion of the grant. The Black-Scholes model is used for the non-market based proportion of the grant. Details are set out in note 10.

The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. The fair value of market based portion of the 2017 and 2018 LTIP grant was determined at the grant date and is not subsequently revised.

The Group and Company have applied the requirements of IFRS 2 'Share-based Payments'.

INTANGIBLE ASSETS

Computer software and the directly related development costs that are not an integral part of the related hardware are classified as an intangible asset and stated at cost less accumulated amortisation. Capitalised software costs include external direct costs of goods and services, as well as internal payroll-related costs for employees who are directly associated with capital projects. For both internally generated and other intangible assets, amortisation is charged on a straight-line basis over three to five years.

In accordance with IAS 38, internal development costs are only recognised when the Group is able to demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The inhouse software developed by the Group is used internally to improve operating procedures, creating probable future economic benefits for the Group. The development software includes costs relating to the enhancement of the Group's e-commerce capabilities.

PROPERTY, PLANT AND EQUIPMENT

Plant, property and equipment is initially measured at cost and is subsequently held at cost, less accumulated depreciation and any impairment loss.

Depreciation is calculated so as to write down on a straight-line basis the cost of plant, property and equipment over their estimated useful lives to their estimated residual values. The rates used are as follows:

Fixtures and fittings	2 – 10 years
Computer hardware	5 years
Vehicles	6 years
Hire inventory	2 – 7 years

Hire inventory is held as property, plant and equipment and depreciated over its estimated useful life. The classification differs from other inventories held as the assets are retained by the group and hired to customers on a short-term basis.

LEASEHOLD IMPROVEMENTS

Leasehold improvements are written off over the shorter of the period of the lease or the useful economic life of the assets on a straight-line basis.

Location premiums are paid to enter a property which is in a desirable location, stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated on location premiums over the useful economic life on a straight-line basis.

Where the assets of a store are required to be impaired leasehold improvements are treated as part of the cash-generating unit for impairment.

IMPAIRMENT

At each reporting date, the Group reviews the carrying value of its property plant and equipment, leasehold improvements and intangible assets to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The Group considers all the assets of a particular store to be one cash generating unit for the purposes of impairment review.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use of a store cash generating unit, the estimated future cash flows are discounted to their present value.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to the recoverable amount. An impairment loss is recognised as an expense immediately.

This is identified in note 2 as a key source of estimation uncertainty.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions for onerous property lease contracts are recognised when the Group believes that the unavoidable costs of meeting the lease obligations exceed the economic benefits to be received under the lease. Where material, these provisions are discounted to their present value. Provisions are recognised on a lease by lease basis. Where an onerous lease is recognised, any property, plant and equipment, leasehold improvements or intangible assets related to the lease contract are impaired as required by IAS 37 paragraph 69.

Provisions for dilapidations for store operating leases are recognised when the Group believes that the likelihood of incurring costs to rectify the store is probable, due to a contractual obligation when vacating premises at lease expiry, and a reliable estimate can be made for the obligation. Costs of rectifying the store are deemed probable once the store has been approved for closure. Estimates are derived through negotiations, reliable third-party opinion or comparable historical information. All leases that are due to be exited within 18 months from the year end date are assessed. Provisions are not discounted to present value as the value of discount is immaterial.

This is identified in note 2 as a key source of estimation uncertainty.

CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. To achieve this, the Board of Directors monitors the Consolidated Statement of Financial Position, working capital, the cash flows and the level of dividends paid to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's approach to capital management and policy is to spread cash deposits across three UK based banks to minimise the risks associated with default by any one bank. The banks selected are amongst those with the highest available credit ratings.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

See note 27.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the above accounting policies, management has made appropriate estimates in a number of areas for which the ultimate outcome may differ from those calculated. The two key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are:

STORE IMPAIRMENT

As per IAS 36 "Impairment of Assets" at the end of each reporting period an impairment review is carried out to identify any indicators of impairment for each cash generating unit ("CGU"). Where indicators of impairment are present, the recoverable amount is calculated and an impairment loss recognised to reduce the carrying value of the asset to its recoverable amount.

The Group has identified each store to be a separate CGU. The total number of stores at 26 January 2019 was 129 (27 January 2018: 128). At CGU level, the assets that are identified for determining the CGU's carrying amount comprises all classes of property, plant and equipment and leasehold improvements, including associated intangibles. See notes 14 and 15.

In past years, the following criteria were used to identify stores exhibiting indicators of impairment:

– Three consecutive years of negative EBITDA* and forecast negative EBITDA* in the following year; or

– Two consecutive years of negative EBITDA* and forecast negative EBITDA* in the following year and no clear turnaround strategy to turn the store into profitability; or

– EBITDA* more than £10,000 lower than the previous financial year; or

– Stores expected to be closed or relocated during the next financial year.

Due to the difficult trading year and increased economic uncertainty management have completed a strategic review of the store portfolio during 2018 (as discussed within the Chief Executive's review on page 9). As a high number of stores exhibited indicators of impairment, discounted cash flows were calculated for all stores to determine their value in use at the year end. Discounted cashflows are calculated until the end of each store's operating lease term. Within the discounted cash flow model, budgeted sales for 2019/20 have been adjusted for post year end performance where this is below budget.

The estimate that is considered to give rise to the most significant risk of material misstatement within the discounted cash flow model is budgeted sales for 2019/20.

The Group notes that there is subjectivity around the discount rate applied in determining a store's recoverable amount. The Group's policy is to use the weighted average cost of capital to determine the discount rate, which is based on several assumptions including the estimation of the Group's appropriate cost of debt in absence of debt within the group. However, the Group has comfort that a movement in the discount rate by five percentage points would not result in a material difference to the financial statements.

Other assumptions that are not considered to be key estimates and do not give significant risk of material misstatement in the next financial period are in relation to future sales growth rates, future gross margin growth rates and cost increases in future years.

Based on the results of this analysis, an impairment charge of £2,171,000 (2017/18: £148,000) has been recognised across 26 stores (2017/18: two stores), one of which is due for closure (2017/18: one).

Management will continue to closely monitor trading performance of each store to ensure appropriate asset values are impaired at the earliest point, if required.

PROVISION FOR DILAPIDATIONS

Provisions for dilapidations for store operating leases are recognised when the Group believes that the likelihood of incurring costs to rectify the store is probable, due to a contractual obligation when vacating premises at lease expiry, and a reliable estimate can be made for the obligation. Provisions are held in relation to stores with leases expiring within 18 months of the reporting date, where the lease is not expected to be renewed and where it is reasonable to expect the landlord to follow up with a claim. As part of the strategic review of our store portfolio, we have extended the period across which we look forward to provide for potential future dilapidation claims from landlords from 18 to 30 months.

The provision at 26 January 2019 is £1,096,000 (27 January 2018: £837,000), see note 25. The provision at 26 January 2019 relates to 25 stores (27 January 2018: 16 stores), of which £612,000 (27 January 2018: £413,000) relating to sixteen stores is subject to estimation uncertainty where no claim has yet been received from the landlord. A summary of the number of stores together with the movement in the value of the provisions is summarised below:

	No. of stores	Dilapidation Provision £'000
27 January 2018		
Claims received	8	424
Claims yet to be received	8	413
Total at 27 January 2018	16	837
Additional provision during the period		619
Release during the period		(199)
Utilisation during the period		(161)
At 26 January 2019		1,096
26 January 2019		
Claims received	9	484
Claims yet to be received	16	612
Total at 26 January 2019	**25**	**1,096**

*EBITDA is earnings before interest, tax, depreciation and amortisation for each store.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Estimates for dilapidation provisions are based on reliable third-party opinion, being independent surveyors; ongoing negotiations with landlords in relation to claims received; and an accurate settlement history against past provisions. The Group expects to resolve provisions within the next financial year where a claim has been received. As at 26 January 2019, claims had been received in relation to nine stores for which total provisions held were £484,000. The group expects to resolve provisions in relation to the sixteen stores where a claim has not been received within three to four years. The range of reasonably possible outcomes in aggregate for the sixteen stores where a claim has been not received from the landlord is estimated to be between £480,000 and £1,159,000.

3. RESTATEMENT OF COMPARATIVES ON TRANSITION TO IFRS 15

ADOPTION OF IFRS 15 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

The Group has adopted IFRS 15 from 28 January 2018, using the full retrospective approach of adoption, resulting in the following restatement of comparatives for the Consolidated Statement of Comprehensive Income for the 52 weeks to 27 January 2018 and the Statement of Financial Position as at 27 January 2018.

The Group has not taken advantage of any practical expedients under IFRS 15.

The Group deemed the effect of transition on deferred tax to be immaterial and has therefore not accounted for any change in deferred tax as a result of transition to IFRS 15 in the current year.

The net impact to equity as at 29 January 2017 is a debit of £97,000 (27 January 2018: credit of £7,000) as described in the narrative and tables below:

Hire revenue –

Under both IAS 18 and IFRS 15, hire revenue is recognised on collection of goods. At this point it is deemed that all risks and rewards have been transferred, or that the Group's performance obligations are satisfied, and as such revenue is recognised at that point in time. Progress payments and advances received from customers are not considered reliable indicators of the stage of completion under the standards.

However certain costs including credit card charges, commissions and cleaning costs can no longer be deferred under IFRS 15 as these are costs that would have been incurred regardless of whether the goods are hired or not. As a result, these costs are not considered to be separate performance obligations, and therefore can no longer be deferred under IFRS 15.

The total impact in profit or loss for the 52 week period to 27 January 2018 in respect of this adjustment is a credit of £4,000 (2016/17: £198,000 debit).

Refund provision –

The Group offers a full refund on retail sales within 28 days. Under IAS 18, management held a provision, against retail sales, to estimate the net value, revenue less cost of sales, of returns made in the 28 days following the year end where the sale was made during the period. Revenue was stated net of this provision.

Under IFRS 15 a customer refund creates a variable consideration. Until the right of return expires or returns are no longer accepted, there is uncertainty as to how many sales will fail, and therefore the amount of consideration to which the Group is entitled.

Under IFRS 15, the Group therefore reduces the sales value of the products expected to be returned from total revenue and the cost value of the products expected to be returned from cost of sales to the consideration to which it expects to be entitled. As a result, in 2017/18 revenue is adjusted down by £54,000 and cost of sales is adjusted up by £54,000 to reflect the cost value of the products expected to be returned previously recognised in revenue.

Furthermore, a refund liability representing the obligation to return the customers consideration, and a corresponding refund asset should be recognised on a gross basis. As a result, a refund asset and liability has been recognised as at 27 January 2018 of £197,000 (2016/17 £143,000). There was no impact on profit for 2017/18 or 2016/17 in respect of this adjustment.

Licence revenue –

The Group has a licence agreement in place allowing a trading company the right to trade under the Moss Bros name. On transition to IFRS 15, this arrangement was identified as a contract that allows the right to access the intellectual property of Moss Bros and therefore the income received has, for the restated 52 weeks to 27 January 2018 been recognised at the point in time when the license is provided. Therefore revenue is recognised sooner under IFRS 15. The total impact to in profit or loss for the 52 week period to 27 January 2018 in respect of this adjustment is a credit of £3,000 (2016/17: £101,000 credit).

Contract assets and liabilities –
Under IFRS 15, the group recognises contract assets and liabilities to reflect; where amounts have yet to have been received and the contract obligations have been met in the case of contract assets; or where there are unfilled contract obligations where cash has been received in advance of the performance obligation being met in the case of contract liabilities. The Group discloses contract assets and liabilities separately from trade and other receivables and trade and other payables respectively.

EXTRACT OF GROUP STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS	52 weeks to 27 January 2018 £'000	Hire revenue	Refund provision	Licence revenue	Contract assets and liabilities	**52 weeks to 27 January 2018 £'000 Restated**
Revenue	131,774		(54)	3	–	**131,723**
Cost of sales	(52,948)	4	54		–	**(52,890)**
Profit on ordinary activities after taxation	5,351	4	–	3	–	**5,358**
Total comprehensive income for the year	3,498	4	–	3	–	**3,505**
Earnings per share (pence)						
Basic – total	5.33p	–	–	–	–	5.33p
Diluted – total	5.31p	–	–	–	–	5.32p

EXTRACT OF GROUP STATEMENT OF FINANCIAL POSITION

AS AT 29 JANUARY 2017	29 January 2017 £'000	Hire revenue	Refund provision	Licence revenue	Contract assets and liabilities	**29 January 2017 £'000 Restated**
Contract assets	–	–	143	–	–	**143**
Trade and other payables	17,157	–	–	–	(1,864)	**15,293**
Contract liabilities	–	198	143	(101)	1,864	**2,104**
Net Assets	37,499	(198)	–	101	–	**37,402**
Total Equity	37,499	(198)	–	101	–	**37,402**

AS AT 27 JANUARY 2018	27 January 2018 £'000	Hire revenue	Refund provision	Licence revenue	Contract assets and liabilities	**27 January 2018 £'000 Restated**
Contract assets	–	–	197	–	–	**197**
Trade and other payables	18,383	–	–	–	(1,831)	**16,552**
Contract liabilities	–	194	197	(104)	1,831	**2,118**
Net Assets	34,421	(194)	–	104	–	**34,331**
Total Equity	34,421	(194)	–	104	–	**34,331**

EXTRACT OF COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 29 JANUARY 2017	29 January 2017 £'000	Hire revenue	Refund provision	Licence revenue	Contract assets and liabilities	**29 January 2017 £'000 Restated**
Contract assets	–	–	143	–	–	**143**
Trade and other payables	29,339	–	–	–	(1,864)	**27,475**
Contract liabilities	–	198	143	(101)	1,864	**2,104**
Net Assets	36,969	(198)	–	101	–	**36,872**
Total Equity	36,969	(198)	–	101	–	**36,872**

3. RESTATEMENT OF COMPARATIVES ON TRANSITION TO IFRS 15 CONTINUED

AS AT 27 JANUARY 2018	27 January 2018 £'000	Hire revenue	Refund provision	Licence revenue	Contract assets and liabilities	**27 January 2018 £'000**
Contract assets	–	–	197	–	–	**197**
Trade and other payables	30,565	–	–	–	(1,831)	**28,734**
Contract liabilities	–	194	197	(104)	1,831	**2,118**
Net Assets	33,891	(194)	–	104	–	**33,801**
Total Equity	33,891	(194)	–	104	–	**33,801**

4. ALTERNATIVE PERFORMANCE MEASURES

GROUP AND COMPANY

In reporting financial information, the Group presents alternative performance measures "APMs", which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered a substitute for or superior to IFRS measures, provide stakeholders with additional or helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the board.

The key APMs that the group use are 'like-for-like-sales (including VAT)', 'EBITDA', 'adjusted profit/loss before tax' and 'adjusted EBITDA'.

'Like-for-like-sales (including VAT)' is defined as 'financial information' for e-commerce and stores open during both the current and prior financial periods and compares 52 weeks against 52 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held. A reconciliation of 'like-for-like sales' to revenue as stated in the financial statements is presented below.

EBITDA is defined as 'Earnings before interest, tax, depreciation and amortisation'. A reconciliation to profit on ordinary activities before taxation as stated in the consolidated statement of comprehensive income is shown in note 28.

	52 weeks to 26 January 2019 £m	52 weeks to 27 January 2018 £m
Total like-for-like sales (including VAT)	**140.2**	137.3
VAT	**(23.3)**	(22.8)
Total like-for-like sales (net of VAT)	**116.9**	114.5
Non like-for-like store sales (net of VAT)	**10.1**	15.8
Other revenue	**2.0**	1.5
Total revenue	**129.0**	131.8

5. REVENUE AND BUSINESS SEGMENTS

OPERATING SEGMENTS (GROUP AND COMPANY)

The majority of the Group's turnover arose in the United Kingdom, with the exception of three stores in the Republic of Ireland.

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance. The Chief Executive Officer is the Chief Operating Decision Maker.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on the split between Mainstream Retail and Hire. This is consistent with the prior year.

Information regarding the Group's continuing operating segments is reported below. E-commerce is not identified separately as an operating segment due to increasing levels of cross-over between physical store sales and customers and e-commerce sales and customers as we pursue our strategic goal of achieving full omni-channel capability.

Only revenue and gross profit have been reported for the Group's business segments, Retail and Hire, as the main operating costs, being property, related overheads and staff, cannot be separately identified as they both use the same stores and hence operating profit is not reported to the Chief Executive Officer split by Retail and Hire. Revenue and gross profit are the measures reported to the Chief Executive Officer.

On the same basis, assets cannot be allocated between Retail and Hire, and are not reported to the Chief Executive Officer separately.

Revenues outside of the United Kingdom represent less than 4% (2017/18: 4%) of Group revenues.

The following is an analysis of the Group's revenue and gross profit in the current and prior periods:

KEY FINANCIALS

CONTINUING OPERATIONS	**52 weeks to 26 January 2019 £'000**	52 weeks to 27 January 2018 Restated £'000
Revenue		
Retail	**114,186**	115,632
Hire	**14,801**	16,091
Total revenue	**128,987**	131,723
Gross profit		
Retail	**62,886**	66,609
Hire	**11,333**	12,224
Total gross profit	**74,219**	78,833
Gross Margin %		
Retail	**55.1%**	57.6%
Hire	**76.6%**	76.0%
Total gross margin	**57.5%**	59.8%

The accounting policies for the reportable segments are the same as the Group's accounting policies described in note 1.

6. INVESTMENT REVENUE AND FINANCE COSTS

CONTINUING OPERATIONS – GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Interest receivable on bank deposits	**76**	37
Interest paid on bank deposits	**(4)**	–

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting) the following:

CONTINUING OPERATIONS – GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Staff costs (note 9)	**26,685**	26,087
Depreciation of property, plant and equipment	**5,793**	5,511
Depreciation of leasehold improvements	**224**	209
Amortisation of intangibles	**1,045**	862
Loss on disposal of property, plant and equipment	**195**	348
Operating lease charges – land and buildings	**20,803**	20,279
– other	**67**	38
Other operating income from sublets	**(321)**	(541)
Rent paid contingent on turnover	**364**	554
Onerous lease and dilapidations provision charge	**726**	846
Impairment of tangible fixed assets	**2,171**	148

8. AUDITOR'S REMUNERATION
The analysis of auditor's remuneration is as follows:

GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Fees payable to the Company's auditor for the audit of the Company's and Group's annual accounts	**130**	110

9. STAFF NUMBERS AND COSTS
Including Executive Directors, the average monthly number of full-time equivalent staff employed by the Group during the period was as follows:

GROUP AND COMPANY	**2018/19 Number**	2017/18 Number
Distribution	**101**	99
Selling and marketing	**802**	803
Administration	**56**	58
Total	**959**	960

The aggregate staff costs recognised in the statement of comprehensive income were as follows:

GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Wages and salaries	**24,111**	23,810
Social security costs	**1,923**	1,915
Contributions to defined contribution plans	**515**	445
Share-based payments (note 10)	**136**	(83)
	26,685	26,087

Directors' emoluments are disclosed within the Annual Report on Remuneration on pages 55 to 65. Key management personnel's emoluments are disclosed with note 29 Related Party Transactions on page 120.

10. SHARE-BASED PAYMENTS

GROUP AND COMPANY
The Group operates a number of share-based payments schemes: the Sharesave schemed an equity-settled Long-Term Incentive Plan (LTIP), and a deferred bonus shares plan.

The Group and Company has applied the requirements of IFRS 2 'Share-based Payments'.

SAVE AS YOU EARN SHARE OPTION SCHEME
A save as you earn scheme was approved and adopted in 2012/13. Under the terms of the scheme, the Board may offer options to purchase ordinary shares in the Company once in each financial year to those employees who enter into an HM Revenue & Customs (HMRC) approved Save As You Earn (SAYE) saving contract. For the 2018/19 plan, in line with HMRC regulations, the Board limited the maximum amount saved to £500 per month per employee (2017/18 plan: £500 per month per employee). The price at which options were offered is the average closing price for three consecutive dealing days preceding the offer date. For 2018, the exercise price offered was discounted by 20%. The options may normally be exercised during the six-month period after the completion of the SAYE contract, three years after entering the scheme.

	2018 3-year plan	2017 3-year plan	2016 3-year plan	2015 3-year plan
Options outstanding at the beginning of the period	**–**	350,169	449,766	57,118
Granted	**1,504,280**	–	–	–
Forfeited	**(230,668)**	(243,471)	(326,677)	(55,398)
Options outstanding at the end of the period	**1,273,612**	106,698	123,089	1,720
Exercise price (pence)	**39.00**	80.80	82.70	104.60

The fair values of the options granted during the year have been calculated using the Black-Scholes model assuming the inputs shown below:

	2018 3-year plan	2017 3-year plan	2016 3-year plan	2015 3-year plan
Grant date	**May 2018**	May 2017	May 2016	May 2015
Fair value at grant date (pence per share)	**12.04**	21.45	20.78	12.30
Share price at grant date (pence per share)	**47.65**	103.00	100.50	104.75
Exercise price (pence per share)	**39.00**	80.80	82.70	104.60
Expected volatility (expressed as weighted average volatility used in the modelling under the Black – Scholes model)	**42.3%**	32.5%	32.4%	20.5%
Option life (years)	**3.0**	3.0	3.0	3.0
Expected dividend yield	**6.0%**	6.0%	5.3%	3.0%
Risk-free interest rate	**0.85%**	0.23%	0.62%	1.94%

The weighted average exercise price of the SAYE share options at the beginning of 2018/2019 is 83.39 (pence per share) and 45.61 (pence per share) at the end of 2018/2019. The weighted average exercise prices of SAYE share options granted during the period is 39 (pence per share). The weighted average price for the options cancelled or lapsed is 71.79 (pence per share).

The resulting fair value is expensed over the service period of three years on the assumption that 15% of options will lapse over the service period as employees leave the Group.

LONG-TERM INCENTIVE PLAN

On 12 April 2016 and 31 October 2016, a new equity settled Long-Term Incentive Plan (LTIP) was approved by shareholders and 879,447 share options and 61,228 shares, respectively, were awarded to directors and senior employees. In accordance with this plan, the share options are exercisable at nil cost, subject to the satisfaction of performance conditions and the requirement for continued employment during the vesting period. The fair value is measured at grant date and recognised over the vesting period. These grants are accounted for in accordance with IFRS 2.

On 20 April 2017 a new settled Long-Term Incentive Plan (LTIP) was approved by shareholders and 1,075,466 shares were awarded to directors and senior employees. In accordance with this plan, the share options are exercisable at nil cost, subject to the satisfaction of performance conditions and the requirement for continued employment during the vesting period. The fair value is measured at grant date and recognised over the vesting period. These grants are accounted for in accordance with IFRS 2.

On 30 April 2018 a new settled Long-Term Incentive Plan (LTIP) was approved by shareholders and 2,042,763 shares were awarded to directors and senior employees. In accordance with this plan, the share options are exercisable at nil cost, subject to the satisfaction of performance conditions and the requirement for continued employment during the vesting period. The fair value is measured at grant date and recognised over the vesting period. These grants are accounted for in accordance with IFRS 2.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

10. SHARE-BASED PAYMENTS CONTINUED

	Apr-18 Grant		Apr-17 Grant		Oct-16 Grant	Apr-16 Grant
Options originally granted net of lapsed	**2,042,763**		1,075,466		61,228	879,447
Unvested options at 28 January 2018	**–**		923,434		61,228	700,022
Granted	**2,042,763**		–		–	–
Lapsed	**(565,336)**		(205,551)		–	(112,146)
Vested	**–**		–		–	–
Unvested options at 26 January 2019	**1,477,427**		717,883		61,228	587,876
Options unexercised at 26 January 2019	**1,477,427**		717,883		61,228	587,876
Fair value of share options and assumptions*:	**Monte Carlo**	**Black Scholes**	Monte Carlo	Black Scholes	Black Scholes	
Fair value at grant date (pence per share)	**1.67**	**41.6**	32.81	84.36	83.65	87
Share price (pence per share)	**49.8**	**49.8**	101	101	99.25	102
Exercise price (pence per share)	**–**	**–**	–	–	–	–
Expected volatility (expressed as weighted average volatility used in the modelling under the Black – Scholes model/Monte Carlo)	**37%**	**42.40%**	31%	32.40%	34.30%	31.90%
Option life (years)	**3**	**3**	3	3	3	3
Contractual life of shares (years)	**3**	**3**	3	3	3	3
Expected dividend yield	**6.00%**	**6.00%**	6.00%	6.00%	5.70%	5.30%
Risk-free interest rate	**0.82%**	**0.82%**	0.13%	0.22%	0.62%	0.62%

* The fair value of LTIP share awards are subject to both market and non-market conditions. See note 1, principal accounting policies. 70% of 2018 grant is subject to non-market based conditions, 30% is subject to market based conditions.

The weighted average exercise price of the LTIP share options at the beginning of 2018/2019 is 85.43 (pence per share) and 62.71 (pence per share) at the end of 2018/2019. The weighted average exercise prices of LTIP share options granted during the period is 41.6 (pence per share). The weighted average price for the options cancelled or lapsed is 57.2 (pence per share).Expected volatility was determined by calculating the historical volatility of the Group's share price over the period of three years. The expected life used in the model has been based on management's best estimate of the Group meeting the performance conditions.

Vesting conditions – see the Annual Report on Remuneration on pages 55 to 65.

DEFERRED BONUS SHARES

In accordance with the Directors' Remuneration Policy, 50% of any bonus awarded to directors and senior employees is invested in shares and deferred for a three-year period. In accordance with the terms of this plan, the shares are exercisable at nil cost, subject to continued employment during the vesting period and awarded based on annual performance. This type of award was reintroduced during 2017/18.

Fair value of share options and assumption	April 2017 Award*
Unvested options at 27 January 2018	244,113
Vested	-
Lapsed	(31,590)
Unvested options at 26 January 2019	212,523
Options unexercised at 26 January 2019	212,523
Fair value at measurement date (pence per share)	84.36
Share price (pence per share)	101.0
Exercise price (pence per share)	-
Expected volatility (expressed as weighted average volatility used in the modelling under the Black – Scholes model)	32.40%
Option life (years)	3.00
Expected dividend yield	6.00%
Risk-free interest rate	0.22%

* April 2017 grant was awarded in 2017/18 and is based on annual performance for the 2016/17 financial year.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the period of three years. The expected life used in the model has been based on management's best estimate of the Group meeting the performance conditions.

Vesting conditions – see the Annual Report on Remuneration on pages 55 to 65.

The weighted average exercise price of the DBS options at the beginning of 2018/2019 is 84.36 (pence per share) and 84.36 (pence per share) at the end of 2018/2019. DBS options were not granted during the period. The weighted average price for the options cancelled or lapsed is 84.36 (pence per share).

SHARE-BASED PAYMENT CHARGE

The amount recorded in the statement of comprehensive income in respect of share-based payment transactions, is IFRS 2 charge of £122,000 and employer's National Insurance charge of £7,000 (2017/18: IFRS 2 credit of £83,000 and employer's National Insurance credit of £8,000) and relates to the LTIP, Deferred Bonus Shares and SAYE scheme. A credit was recognised in 2017/18 due to the reversal of previously recognised non-market based charges as a consequence of changes in vesting estimates.

RECONCILIATION OF SHARE AWARDS	SAYE Number	LTIP Number	Deferred bonus Number
Share awards outstanding at 27 January 2018	857,053	1,684,684	244,113
Granted in the period	1,504,280	2,042,763	–
Exercised in the period	–	–	–
Lapsed in the period	(856,214)	(883,033)	(31,590)
Share awards outstanding at the end of the period	**1,505,119**	**2,844,414**	**212,523**
Fully exercisable at the end of the period	–	–	–

All shares apart from SAYE options are exercised at £nil cost. Option price for SAYE options stated on page 101.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

11. TAXATION

(A) TAXATION RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME IS AS FOLLOWS:

GROUP AND COMPANY – CONTINUING OPERATIONS	2018/19 £'000	2017/18 £'000
Current tax charge		
Current period	**133**	1,892
Adjustment for prior periods	**23**	(75)
	156	1,817
Deferred tax (credit)/charge		
Current period	**(500)**	(362)
Adjustment for prior periods	**(24)**	(93)
	(524)	(455)
Total taxation (credit)/charge in the Statement of Comprehensive Income	**(368)**	1,362

(B) FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD

GROUP AND COMPANY – CONTINUING OPERATIONS	2018/19 £'000	2017/18 Restated £'000
(Loss)/profit on ordinary activities before tax	**(4,214)**	6,720
(Loss)/profit before tax multiplied by rate of corporation tax in the UK of 19% (2017/18: 19.16%)	**(801)**	1,288
Expenses not deductible for tax purposes	**82**	17
Income taxed at different rates on foreign jurisdictions*	**(26)**	(65)
Depreciation on assets not qualifying for capital allowances**	**319**	258
Adjustment in respect of prior period	**(1)**	(168)
Impact on share based payments	**–**	27
Other permanent differences	**10**	(49)
Effect of the change of tax rate	**49**	54
Taxation (credit)/charge for the period	**(368)**	1,362

Amounts charged directly to equity		
Share based payments	**2**	6

* Income taxed at different rates on foreign jurisdictions relates to the profit for the period of the Group's Irish stores taxed at 12.5%.

** Depreciation on assets not qualifying for capital allowances relates to structural improvements such as flooring and wall partitioning.

(C) ANALYSIS OF DEFERRED TAX LIABILITY GROUP AND COMPANY

	2018/19 £'000	2017/18 £'000
The deferred tax liability comprises:		
Deferred capital gains	**(1,022)**	(1,022)
Financial liabilities designated as cash flow hedge	**(80)**	–
Deferred tax liability	**(1,102)**	(1,022)

(D) ANALYSIS OF DEFERRED TAX ASSET

GROUP AND COMPANY	2018/19 £'000	2017/18 £'000
The deferred tax asset comprises:		
Accelerated capital allowances	**1,642**	1,158
Share-based payments	**20**	24
Other short-term timing differences	**136**	95
Deferred tax asset	**1,798**	1,277

(E) MOVEMENT IN DEFERRED TAX ASSET AND LIABILITY

GROUP AND COMPANY	£'000
Liability at 28 January 2017	(194)
Credit to income due to continuing operations	455
Debit to equity due to continuing operations	(6)
Asset at 27 January 2018	255
Credit to income due to continuing operations	443
Debit to equity due to continuing operations	(2)
Asset at 26 January 2019	**696**

At 26 January 2019 the deferred tax asset in respect of capital allowances, share-based payments and other short-term temporary differences was recognised on the basis that the Company generated a taxable profit in 2018/19 and then forecasts a taxable profit in future years.

As a result of previous legislation enacted, the main rate of UK corporation tax was reduced from 20% to 19% with effect from 1 April 2017.

At the reporting date, the Finance (No 2) Act 2016 had been substantively enacted confirming that the main UK corporation tax rate will reduce from 19% to 17% from 1 April 2020. Therefore, at January 2019, deferred tax assets and liabilities have been calculated at the rate at which the temporary difference is expected to reverse. These reductions may also reduce the Group's future current tax charges accordingly.

12. EARNINGS PER SHARE

Basic earnings per ordinary share is based on the weighted average of 100,499,839 (2017/18: 100,458,586) ordinary shares in issue during the period after deducting for shares held by the Employee Benefit Trust and are calculated by reference to the loss attributable to shareholders of £3,846,000 (2017/18: £5,261,000 restated profit).

Diluted earnings per share has not been disclosed for 2018/19 because there is no dilutive effect. The diluted earnings per ordinary share for 2017/18 is based upon the weighted average of 100,798,679 ordinary shares after deducting shares held by the Employee Benefit Trust, which include the effects of shares under SAYE, LTIP and Deferred Bonus Shares of 3,026,649, that were non-dilutive for the period presented and could dilute earnings per share in the future and are calculated by reference to the profit attributable to shareholders as stated above.

Basic earnings per share	**2018/19 pence**	2017/18 pence Restated
Basic earnings per share	**(3.83)**	5.33

Diluted earnings per share	**2018/19 pence**	2017/18 pence Restated
Diluted earnings per share	**n/a**	5.32

13. DIVIDEND

Amounts recognised as distributions to equity holders in the period:

GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Final dividend for the year ended 27 January 2018: 1.97 pence per share (28 January 2017: 3.98 pence per share)	**1,980**	4,000
Interim dividend for the year ended 26 January 2019 of 1.50 pence per share (27 January 2018: 2.03 pence per share)	**1,508**	2,040
	3,488	6,040

Given the volatile trading environment, the Board is not recommending a final dividend payment, to give the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet.

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14. INTANGIBLE NON-CURRENT ASSETS

GROUP AND COMPANY	IT software £'000
COST	
At 28 January 2017	8,115
Additions – External	1,316
Additions – Internally developed	336
Disposals	(136)
At 27 January 2018	**9,631**
AMORTISATION	
At 28 January 2017	6,672
Charge for the period	862
Disposals	(80)
At 27 January 2018	**7,454**
NET BOOK VALUE	
At 27 January 2018	2,177
At 28 January 2017	**1,433**
COST	
At 27 January 2018	9,631
Additions – External	1,108
Additions – Internally developed	461
Disposals	–
At 26 January 2019	**11,200**
AMORTISATION	
At 27 January 2018	7,454
Charge for the period	1,045
Disposals	–
At 26 January 2019	**8,499**
NET BOOK VALUE	
At 26 January 2019	**2,701**
At 27 January 2018	2,177

Amortisation charges are recorded within shops' selling and marketing costs.

The Group has capitalised £461,000 of IT personnel costs during the year (2017/18: £336,000) which are included within Intangible Non-Current Asset Additions. These costs relate specifically to IT time incurred on developing the Group's IT infrastructure. At 26 January 2019, the total cost of IT personnel costs included within Intangible Non-Current Assets was £1,804,000 (2017/18: £1,343,000) with associated net book value of £800,000 (2017/18: £544,000).

15. PROPERTY, PLANT AND EQUIPMENT

(A)

GROUP AND COMPANY	Fixtures, vehicles and equipment £'000	Hire inventory £'000	Property, plant and equipment total £'000	Leasehold improvements £'000	**Total £'000**
COST:					
At 28 January 2017	65,871	10,265	76,136	3,834	79,970
Additions	4,751	1,778	6,529	297	6,826
Disposals	(3,413)	(797)	(4,210)	(344)	(4,554)
At 27 January 2018	**67,209**	**11,246**	**78,455**	**3,787**	**82,242**
DEPRECIATION:					
At 28 January 2017	50,695	6,649	57,344	2,582	59,926
Charged in period	3,958	1,553	5,511	209	5,720
Impairment charge for the period	148	–	148	–	148
Disposals	(3,332)	(570)	(3,902)	(340)	(4,242)
At 27 January 2018	**51,469**	**7,632**	**59,101**	**2,451**	**61,552**
NET BOOK VALUE:					
At 27 January 2018	**15,740**	**3,614**	**19,354**	**1,336**	**20,690**
At 28 January 2017	15,176	3,616	18,792	1,252	20,044
GROUP AND COMPANY					
COST:					
At 27 January 2018	67,209	11,246	78,455	3,787	82,242
Additions	3,325	1,048	4,373	236	4,609
Disposals	(1,120)	(2,451)	(3,571)	(69)	(3,640)
At 26 January 2019	**69,414**	**9,843**	**79,257**	**3,954**	**83,211**
DEPRECIATION:					
At 27 January 2018	51,469	7,632	59,101	2,451	61,552
Charged in period	4,146	1,647	5,793	224	6,017
Impairment charge for the period	2,111	–	2,111	60	2,171
Disposals	(1,076)	(2,293)	(3,369)	(69)	(3,438)
At 26 January 2019	**56,650**	**6,986**	**63,636**	**2,666**	**66,302**
NET BOOK VALUE:					
At 26 January 2019	**12,764**	**2,857**	**15,621**	**1,288**	**16,909**
At 27 January 2018	15,740	3,614	19,354	1,336	20,690

Leasehold improvements relate to leasehold buildings as the element of land contained in these leases is minimal.

Included within leasehold improvements at 26 January 2019 are £100,000 of location premiums (27 January 2018: £105,000). Location premiums relate to premiums paid to enter a property which is in a desirable location.

During 2018/19 the Group progressed with the store development programme which commenced during 2012/13. A charge of £0.5m was taken in 2012/13 to reflect accelerated depreciation on existing fixtures and fittings in those stores, so that the value of fixtures and fittings replaced on refit will be written off by the date of refit. Management have reassessed the useful economic lives of these assets and a £67k charge (2017/18: £107,000 charge) to the Statement of Comprehensive Income has been made during the year ended 26 January 2019. This has been treated as a prospective revision to the Group's estimate for depreciation in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

As a result of additional criteria being used to determine store level impairment as disclosed in note 2, an impairment of leased properties of £2,171,000 was recognised.

The criteria for impairment is disclosed in note 2.

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

(B) COMMITMENTS

Capital commitments for which no provision has been made in the financial statements were as follows:

GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Contracted	**374**	708

Of the £374,000 commitments, £250,000 relates to commitments relating to a store fit out, £84,000 related to commitments for ecommerce development consultancy, and £40,000 relates to IT expenditure capital commitments.

(C) OPERATING LEASES

Total commitments under non-cancellable operating leases are as follows:

	2018/19		2017/18	
GROUP AND COMPANY	**Land and buildings £'000**	**Other £'000**	Land and buildings £'000	Other £'000
Payments falling due				
– within one year	**18,942**	**63**	18,925	53
– in the second to fifth year	**48,344**	**43**	54,791	76
– over five years	**18,540**	**–**	23,315	–
	85,826	**106**	97,031	129

The majority of these leases are subject to rent review and a small number have contingent rentals payable based on revenue exceeding a minimum amount in the relevant store.

Total commitments receivable from sublets under non-cancellable operating leases are as follows:

GROUP AND COMPANY	**2018/19 Land and buildings £'000**	2017/18 Land and buildings £'000
Income falling due		
– within one year	**196**	194
– in the second to fifth year	**258**	454
– over five years	**–**	–
	454	648

16. FIXED ASSET INVESTMENTS

COMPANY	**2018/19 £'000**	2017/18 £'000
Subsidiary undertakings cost at the beginning of the period	**15,351**	15,351
Provision at the beginning of the period	**(5,849)**	(5,849)
Carrying value at the end of the period	**9,502**	9,502

Subsidiary undertakings at the end of the period are as follows:

Subsidiary undertakings*	Principal Activities	Registered Number	Country of Incorporation
Fairdale Textiles Limited	Dormant	00438113	United Kingdom
Blazer Limited	Dormant	00439370	United Kingdom
Shirt Co Limited	Dormant	00738766	United Kingdom
L.&A. Froomberg Limited	Dormant	00439372	United Kingdom
Moss Bros Group Qualifying Employee Share Ownership Trustee Limited	Employee Benefit Trust	03456045	United Kingdom
Gee 2 Limited**	Dormant	01709826	United Kingdom
Our Big Day Limited	Dormant	03848549	United Kingdom
Tannetje Limited	Dormant	01609223	United Kingdom
Cecil Gee (Menswear) Limited	Dormant	00463099	United Kingdom
Delbanco Meyer (Textiles) Limited**	Dormant	01365354	United Kingdom
Suit Co Limited	Dormant	00439701	United Kingdom
Broadpark Limited	Dormant	00784180	United Kingdom
City Menswear Limited	Dormant	00674640	United Kingdom
Savoy Taylors Guild Limited	Dormant	00084063	United Kingdom
Cecil Gee Limited	Dormant	01722127	United Kingdom
Hagee (London) Limited	Dormant	00405696	United Kingdom
Beale & Inman Limited	Dormant	00428889	United Kingdom
Vavasseur & Company Limited	Dormant	00366409	United Kingdom
Dehavilland Limited	Dormant	00441804	United Kingdom
Brand Centre Holdings Limited	Dormant	03399179	United Kingdom
Brand centre (Lifestyle) Limited	Dormant	03487162	United Kingdom

* All holdings are 100% except for Delbanco Meyer (Textiles) Limited and Gee 2 Limited

** Moss Bros Group plc has a 50% holding in Delbanco Meyer (Textiles) Limited and Gee 2 Limited.

The registered office of all subsidiary undertakings is 8 St John's Hill, London, SW11 1SA. All dormant subsidiaries included in the table above have taken advantage of the exemption from audit, permitted under s480A of the Companies Act. Moss Bross Group Qualifying Employee Share Ownership Trustee has taken advantage of the exemption from audit permitted under s479A of the Companies Act. All dormant subsidiaries included in the table above have taken advantage of the exemption from preparing individual accounts, permitted under s394A of the Companies Act.

17. INVENTORIES

GROUP AND COMPANY	**2018/19 £'000**	2017/18 Restated £'000
Retail inventory	**18,197**	15,990
Retail inventory provisions	**(930)**	(597)
	17,267	15,393

Included within inventory is £84,000 relating to the basis adjustment arising from the application of cash flow hedge accounting. See note 27.

During the year ended 26 January 2019 there was a write down of inventories recognised as an expense of £324,000 (2017/18: £255,000).

18. TRADE AND OTHER RECEIVABLES

GROUP	**2018/19 £'000**	2017/18 Restated £'000
Trade receivables	**454**	223
Other receivables	**594**	829
Prepayments	**3,539**	3,542
	4,587	4,594

The Group has not recognised losses in respect of its receivables for the current or prior year

COMPANY	**2018/19 £'000**	2017/18 Restated £'000
Trade receivables	**454**	223
Amounts owed by Group undertakings	**2,151**	2,151
Other receivables	**594**	829
Prepayments	**3,539**	3,542
	6,738	6,745

Ageing of trade receivables:

COMPANY	**2018/19 £'000**	2017/18 Restated £'000
Not past due	**355**	223
1 – 30 days past due	**77**	–
31 – 60 days past due	**8**	–
61 – 90 days past due	**–**	–
91 – 120 days past due	**4**	–
Over 120 days past due	**10**	–
	454	223

The Company has recognised a loss of £nil (2017/18: £nil) in profit or loss in respect of the expected credit losses for the year ended 26 January 2019.

The Directors consider that the carrying value of trade and other receivables approximates to their fair value.

All amounts owed by Group undertakings relate to current receivables held with subsidiaries of the Group, are non-interest bearing and are repayable on demand.

19. CONTRACT ASSETS – CURRENT

GROUP AND COMPANY	**2018/19 £'000**	2017/18 Restated £'000	2016/17 Restated £'000
Contract assets	**263**	197	143
Reconciliation of movements in the year:			
Opening balance	**197**	143	121
Additions	**66**	54	22
Closing balance	**263**	197	143

20. SHARE CAPITAL

GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
AUTHORISED:		
Ordinary shares of 5 pence each	**6,000**	6,000
ALLOTTED, CALLED UP AND FULLY PAID:		
Ordinary shares of 5 pence each	**5,040**	5,040

21. RESERVES

GROUP	Share capital £'000	Share premium account £'000	Share-based payments £'000	Employee benefit trust £'000	Hedging Reserve £'000	Retained earnings £'000	Total equity £'000
BALANCE AT 29 JANUARY 2017	5,040	8,673	637	(138)	418	22,869	37,499
Transition to IFRS 15 (note 3)	–	–	–	–	–	(97)	(97)
BALANCE AT 29 JANUARY 2017 (restated)	5,040	8,673	637	(138)	418	22,772	37,402
Profit for the period	–	–	–	–	–	5,351	5,351
Transition to IFRS 15 (note 3)	–	–	–	–	–	7	7
Profit for the period (restated)	–	–	–	–	–	5,358	5,358
Other comprehensive income:							
Loss on derivative designated in cash flow hedge relationships	–	–	–	–	(1,853)	–	(1,853)
Total comprehensive (loss) / income for the period (restated)	–	–	–	–	(1,853)	5,358	3,505
Dividends paid (note 13)	–	–	–	–	–	(6,040)	(6,040)
Debit to equity for equity settled share-based payments	–	–	(72)	–	–	–	(72)
Exercise of shares held under option	–	–	(382)	–	–	382	–
Movement on deferred tax on equity settled share-based payments	–	–	(6)	–	–	–	(6)
Movement on current tax on exercise of equity settled share–based payments	–	–	–	–	–	8	8
Sale of shares by employee benefit trust	–	–	–	286	–	(286)	–
Subscription to employee benefit trust	–	–	–	(466)	–	–	(466)
BALANCE AT 27 JANUARY 2018 (restated)	**5,040**	**8,673**	**177**	**(318)**	**(1,435)**	**22,194**	**34,331**
Loss for the period	–	–	–	–	–	(3,846)	(3,846)
Other comprehensive income:							
Gain on derivative designated in cash flow hedge relationships	–	–	–	–	1,828	–	1,828
Amounts transferred to inventory as basis adjustment	–	–	–	–	(84)	–	(84)
Deferred tax on cash flow hedge relationships	–	–	–	–	(80)	–	(80)
Total comprehensive (loss) / income for the period	–	–	–	–	1,664	(3,846)	(2,182)
Dividends paid (note 13)	–	–	–	–	–	(3,488)	(3,488)
Credit to equity for equity settled share-based payments	–	–	122	–	–	–	122
Movement on deferred tax on equity settled share-based payments	–	–	(2)	–	–	–	(2)
BALANCE AT 26 JANUARY 2019	**5,040**	**8,673**	**297**	**(318)**	**229**	**14,860**	**28,781**

21. RESERVES CONTINUED

COMPANY	Share capital £'000	Share premium account £'000	Share-based payments £'000	Employee benefit trust £'000	Hedging Reserve £'000	Retained earnings £'000	Acquisition reserve £'000	Total equity £'000
At 28 January 2017	5,040	8,673	637	(138)	418	17,969	4,370	36,969
Transition to IFRS 15 (note 3)	–	–	–	–	–	(97)	–	(97)
At 28 January 2017 (restated)	5,040	8,673	637	(138)	418	17,872	4,370	36,872
Profit after taxation	–	–	–	–	–	5,351	–	5,351
Transition to IFRS 15 (note 3)	–	–	–	–	–	7	–	7
Profit for the period (restated)	–	–	–	–	–	5,358	–	5,358
Cash flow hedging movement	–	–	–	–	(1,853)	–	–	(1,853)
Dividends paid	–	–	–	–	–	(6,040)	–	(6,040)
Debit to equity for equity settled share-based payments	–	–	(72)	–	–	–	–	(72)
Exercise of shares held under option	–	–	(382)	–	–	382	–	–
Movement on deferred tax on equity settled share-based payments	–	–	(6)	–	–	–	–	(6)
Movement on current tax on exercise of equity settled share based payments	–	–	–	–	–	8	–	8
Sale of shares by employee benefit trust	–	–	–	286	–	(286)	–	–
Subscription to employee benefit trust	–	–	–	(466)	–	–	–	(466)
At 27 January 2018	**5,040**	**8,673**	**177**	**(318)**	**(1,435)**	**17,294**	**4,370**	**33,801**
Profit after taxation	–	–	–	–	–	(3,846)	–	(3,846)
Cash flow hedging movement	–	–	–	–	1,664	–	–	1,664
Dividends paid	–	–	–	–	–	(3,488)	–	(3,488)
Credit to equity for equity settled share-based payments	–	–	122	–	–	–	–	122
Movement on deferred tax on equity settled share-based payments	–	–	(2)	–	–	–	–	(2)
At 26 January 2019	**5,040**	**8,673**	**297**	**(318)**	**229**	**9,960**	**4,370**	**28,251**

The Group has an employee benefit trust which holds 300,034 shares (2017/18: 300,034) in the Company for the benefit of the Group's employees. None of its shares has been allocated to a specific scheme. At 26 January 2019 the shares had a carrying value of £318,000 and a market value of £77,000 (2017/18: carrying value of £318,000 and market value of £209,000). All dividends on shares held by the employee benefit trust are waived.

The Group Consolidated Statement of Changes in Equity is presented on page 81.

22. TRADE AND OTHER PAYABLES DUE WITHIN ONE YEAR

GROUP	**2018/19 £'000**	2017/18 Restated £'000	2016/17 Restated £'000
Trade payables	**5,449**	4,685	4,059
Other payables including taxation and social security	**5,011**	6,692	6,228
Accruals	**6,646**	5,175	5,006
	17,106	16,552	15,293
Other payables including taxation and social security comprise:			
Other taxes	**2,128**	2,287	1,821
Social security	**536**	523	534
	2,664	2,810	2,355
Other payables	**2,347**	3,882	3,873
	5,011	6,692	6,228

COMPANY	**2018/19 £'000**	2017/18 Restated £'000	2016/17 Restated £'000
Amounts falling due within one year			
Trade payables	**5,449**	4,685	4,059
Amounts owed to group undertakings	**12,182**	12,182	12,182
Other payables including taxation and social security	**5,011**	6,692	6,228
Accruals	**6,646**	5,175	5,006
	29,288	28,734	27,475
Other payables including taxation and social security comprise:			
Other taxes	**2,128**	2,287	1,821
Social security	**536**	523	534
	2,664	2,810	2,355
Other payables	**2,347**	3,882	3,873
	5,011	6,692	6,228

The fair value of payables is not materially different to the values disclosed above.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 27. The fair value of the trade and other payables is not materially different to the values disclosed above.

All amounts owed to Group undertakings relate to current payables held with subsidiaries of the Group, are non-interest bearing and are repayable on demand.

23. CONTRACT LIABILITIES – CURRENT

GROUP AND COMPANY	**2018/19 £'000**	2017/18 Restated £'000	2016/17 Restated £'000
Contract liabilities	**2,230**	2,118	2,104
Reconciliation of movements in the year:			
Opening balance	**2,118**	2,104	1,932
Payments received in advance	**2,224**	2,114	2,099
Transfer to revenue	**(2,112)**	(2,100)	(1,927)
Closing balance	**2,230**	2,118	2,104

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was £2,902,000 as at 26 January 2019 (£3,074,000 as at 27 January 2018) and is expected to be recognised as revenue in future periods as follows:

GROUP AND COMPANY	**2018/19 £'000**	2017/18 Restated £'000	2016/17 Restated £'000
Within 6 months	**2,601**	2,704	3,002
6 to 12 months	**285**	352	432
12 to 18 months	**16**	14	17
18 to 14 months	**–**	4	10
Closing balance	**2,902**	3,074	3,461

24. OTHER PAYABLES DUE AFTER ONE YEAR

GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Accruals	**3,493**	3,481

25. PROVISIONS

GROUP AND COMPANY	Dilapidations provision £'000	Onerous property lease provisions £'000	Total £'000
At 28 January 2017	1,095	1,478	2,573
Additional provision during the period*	260	126	386
Release during the period	(176)	(47)	(223)
Utilisation during the period**	(342)	(281)	(623)
At 27 January 2018	837	1,276	2,113
Additional provision during the period*	619	157	776
Release during the period	(199)	–	(199)
Utilisation during the period**	(161)	(366)	(527)
At 26 January 2019	**1,096**	**1,067**	**2,163**

	Dilapidations provision £'000	Onerous property lease provisions £'000	**2018/19 Total £'000**	2017/18 Total £'000
Current Statement of Financial Position	731	313	**1,044**	1,205
Non-current Statement of Financial Position	365	755	**1,120**	908
	1,096	1,068	**2,164**	2,113

* The additional provision of £619,000 on dilapidations during the period reflects the Group's estimate of obligations arising under operating leases in line with the company policy.

** The utilisation of £161,000 of the dilapidations provision and £366,000 of the onerous property lease provision was in respect of continuing and closed stores.

The onerous property lease provision at 26 January 2019 of £1,067,000 (2017/18: £1,276,000) is the estimated future cost of the Group's onerous property lease contracts and will be released over the lease terms up until 2024.The effect of the unwinding of the discount rate on the release for the year was a credit of £21,000 (2017/18: debit of £27,000).

The dilapidations provision at 26 January 2019 of £1,096,000 (2017/18: £837,000) is the estimated future cost of the Group's dilapidations costs and is expected to be utilised within the next three to four years.

26. PENSIONS

GROUP AND COMPANY

The Group currently operates a defined contribution scheme. As at 26 January 2019 there was £62,000 outstanding of contributions relating to the defined contribution scheme (2017/18: £47,000). The charge for the period was £413,000 (2017/18: £334,000) and contributions paid were £409,000 (2017/18: £331,000).

27. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

(A) CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimism of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 21.

The Group or the Company is not subject to any externally imposed capital requirements.

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and risks associated with each class of capital.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. To achieve this, the Board of Directors monitors the Statement of Financial Position, working capital, the cash flows and the level of dividends paid to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's approach to capital management is to spread cash deposits across three UK based banks to minimise the risks associated with default by any one bank. The banks selected are amongst those with the highest available credit ratings.

(B) SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies and methods adopted (including criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 1.

(C) MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

The Company's financial instruments comprise cash and various items such as derivative forward foreign currency transactions, trade receivables and payables that arise directly from its operations.

The main purpose of these financial instruments is to manage the Company's liquidity.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks.

CREDIT RISK

Management has a credit policy in place and the exposure to credit risk is maintained on an ongoing basis. At the Reporting date, there were no significant concentrations of credit risk.

The carrying amount of each financial asset represents the maximum credit exposure.

Management is of the opinion that the Group does not have any significant exposure to credit or default risk, arising from historic or future consequences, on any of its financial instruments due to the nature of the Group's operations and the short-term period of its receivables.

Trade receivables are aggregated as one group for the determination of expected credit losses as management are of the opinion that there are no significant differences in default risk of the receivables. The Group has no credit-impaired financial assets. There has been no significant increase of any of the Group or Company's financial assets since initial recognition.

27. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES CONTINUED

LIQUIDITY RISK

Cash balances are managed and monitored on a daily basis and the peaks and troughs in the cash cycle are well known through experience. The Company continues to operate the business from a debt free position.

FOREIGN CURRENCY RISK

The Company's policy is to mitigate all currency exposures on purchases either by buying the amount of currency required at the time the obligation is known and holding it in a designated bank account until it is needed or by taking out forward foreign currency contracts and applying hedge accounting. Details of forward foreign currency contracts outstanding as at 26 January 2019 are detailed in note (E) below.

Foreign currency sensitivity analysis

GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Effect of 10% appreciation in foreign exchange rates against sterling on monetary assets and liabilities		
Sterling against US Dollar		
Profit or (loss)	**(104)**	(154)
Other equity	**–**	–

The impact of changes in foreign exchange rates on the Group's monetary assets and liabilities results from retranslation of US Dollar cash balances and trade payables. A negative number indicates a charge to the income statement where the US Dollar strengthens 10% against Sterling.

The sensitivity analysis excludes the impact of movements in market variables on the carrying amount of trade and other payables due to the low associated sensitivity, and are reported before the effect of tax. It has been prepared reflecting the position at 26 January 2019. Consequently, the analysis relates to the position at that date and is not necessarily representative of 2018/19 then ended. The effect shown above would be reversed in the event of an equal and opposite change in foreign exchange rate.

INTEREST RATE RISK

Interest rate risk arises from investment of cash balances on short-term deposits. The Company is not exposed to any other interest rate risk.

(D) FINANCIAL ASSETS

(i) Trade receivables

	Carrying value	
GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Trade receivables	**454**	223
Expected credit losses	**–**	–
	454	223

The Group recognises an allowance for doubtful debts where trade receivables are considered irrecoverable on the basis of aging and historical experience. No allowance was required in the current or prior year. Any irrecoverable balances have been written off. The Group does not require collateral in respect of these financial assets.

(ii) Cash and cash equivalents

	Floating rate financial assets	
GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Cash and cash equivalents:		
Currency		
Sterling	**9,622**	14,247
US Dollar	**1,373**	2,289
Other	**(141)**	941
Total	**10,854**	17,477

Cash and cash equivalents generate interest income on short-term deposits. The Company has no fixed rate financial instruments. Based on the average cash balance, the effective interest rate on financial assets is 0.63% (2017/18: 0.22%).

(E) FINANCIAL LIABILITIES

The Group's only financial liabilities as at 26 January 2019 and 27 January 2018 were derivative financial instruments, as detailed below, and current trade payables.

(F) FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

As at 26 January 2019 and 27 January 2018, there was no material difference between the fair values and book values of the Company's financial assets or liabilities.

(G) DERIVATIVE FINANCIAL INSTRUMENTS

During both the current and prior period, the Group has only entered into cash flow hedge transactions: hedges of the variability in cash flows from a highly probable forecast transaction (cash flow hedges). Hedge relationships are formally designated and documented at inception. The documentation identifies the hedged item, the hedging instrument and details the risk that is being hedged and the way in which effectiveness will be assessed and measured at inception and during the period of the hedge.

Hedges of foreign exchange risk on highly probably forecast transactions are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management strategy, objective, nature of risk, details of hedged items and hedging instruments, the frequency of testing hedge effectiveness and method of measuring hedge ineffectiveness. At the inception of the hedge and at interim and period end, the Group documents and measures hedge effectiveness on a cumulative basis. The method of calculating hedge ineffectiveness is the hypothetical derivative method. The Group applies the hedge accounting requirements of IFRS 9 from 28 January 2018 which is the date of initial application of the Standard.

RISK MANAGEMENT STRATEGY

The Group enters into direct-sourcing-inventory purchase transactions with a range of suppliers from abroad to produce garments that meet the Group's expected needs from season to season. The Group's forecast direct-sourcing-inventory purchase transactions are deemed highly probable (irrespective of the Group's stage in the Buying and Planning process), which is supported by observable facts and circumstances (rather than management's intentions).

In line with the Group's risk management strategy for foreign currency risk, the profit and loss volatility introduced as a result of the Group entering into forecast direct-sourcing-inventory purchases is sought to be mitigated by way of entering into US denominated forward currency contracts to hedge up to 90-95% of the anticipated currency requirement of any given period applying hedge accounting (thus avoiding over-hedging).

The risk management objective is achieved by designating, on the day a forward currency contract is entered into, the amount of the forward currency (as hedging instrument) against the first same amount of currency from the total currency requirement (as hedged item), each having the same expected maturity. The Group designates the amount of the forward currency at the forward rate, rather than at the spot component.

ADOPTION OF IFRS 9

The below table shows each class of financial assets and financial liabilities as at the date of initial application.

£'000	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	Additional loss allowance recognised under IFRS 9	New carrying amount under IFRS 9
Foreign currency forward contracts	Derivatives designated as hedging instruments	Derivatives designated as hedging instruments	-1,421	N/A	-1,421
Trade receivables	Loans and receivables	Financial assets at amortised cost	223	N/A	223
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	17,477	N/A	17,477

All hedge effectiveness requirements listed below are assessed at inception of the hedging relationship, and on an ongoing basis which is every half year or upon a significant change in circumstances affecting the hedge effectiveness requirements, whichever comes first.

The Group tests hedge effectiveness prospectively under the critical terms match method, thereby matching the critical terms (amount, maturity date, currency) of each individually designated and hedged portion of the highly probable forecast transactions and of the forward contracts.

27. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES CONTINUED

ASSESSMENT OF THE GROUP'S HEDGE EFFECTIVENESS REQUIREMENTS

Economic relationship –
The Group expects that the value of each hedging instrument (forward currency contract) and the value of the hedged item (respective portion of the highly probable forecast transaction) will systematically change in response to movements in the same underlying (USD currency). This requirement is therefore expected to be met on an ongoing basis.

Effect of credit risk –
Credit risk is unlikely to dominate changes in the fair values due to creditworthiness of both counterparties involved (Moss Bros and the financial institutions with which the forwards are entered into). The Group expects this requirement to be met on an ongoing basis unless contradictory evidence came to light by the end of a reporting period.

Hedge ratio –
The hedge ratio is 1:1, therefore the quantity of currency requirements in a given month divided by the quantity of forward used for the given month equals 1.

POTENTIAL SOURCES OF HEDGE INNEFECTIVENESS

The key source of hedge ineffectiveness relates to the timing of the hedged item potentially not exactly matching the maturity of the hedging instrument. Given the fact that the hypothetical derivative is free of credit risk, ineffectiveness also arises due to the presence of counterparty credit risk in the hedging instrument.

The effective portion of changes in the fair value of forward transactions that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item. When the forecast transaction that is hedged results in the recognition of a non-financial asset (inventories), the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset (thus inventory). Hedge accounting is discontinued when:

- the risk management objective of the Group for the hedging relationship has changed;
- if the hedging instrument expires or is sold, terminated, or exercised;
- there is no longer an economic relationship between the hedged item and hedging instrument; and
- the effect of credit risk starts dominating the value changes that result from the economic relationship.

The Group does not apply the exemptions provided under IFRS 9 regarding the separation of forward. That is, it does not separate the forward element and the spot element of its forward contracts and does not designate, as the hedging instrument, the change in the value of the spot element. Similarly, the foreign currency basis spread is not separated and not excluded from the designation of the forward contracts as the hedging instrument.

GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Financial assets/(liabilities) designated as cash flow hedges		
Forward foreign currency contracts	**417**	(1,421)
	417	(1,421)

GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
Financial liabilities carried at fair value through profit and loss (FVTPL)		
Forward foreign currency contracts	**–**	–
	–	–

In the current year the Group entered into several forward foreign currency contracts, to protect the inventory purchases in 2018 and 2019 and hedge against the risk of exchange rate fluctuations. During 2018/19 the Group had entered into £15,734,010 (2017/18: £29,789,024) US dollar forward contracts which were outstanding as at 26 January 2019. Hedging instruments are presented under "Derivative financial instruments" in the consolidated Statement of Financial Position. In the current year, these have been designated as cash flow hedges. The associated fair value gains and losses will be transferred to inventories when the purchases occur during the next 12 months, at which time the amount deferred in equity will be included in the carrying amount of inventory acquired. At 26 January 2019, a credit balance of £308,960 has been deferred in equity (2017/18: debit balance of £1,435,000). The ineffective portion of cash flow hedges recognised in "Other gains and losses" within the Statement of Comprehensive Income is a credit of £14,000 (2017/18: credit of £21,000).

In the current year the carrying value of inventories was reduced by the accumulated amount recognised directly in equity as inventory basis adjustment at an amount of £83,396.

All derivatives are categorised as level 2 under the requirements of IFRS 7. They are valued based on mark-to-market valuations based on observable market data as at the close of business on 26 January 2019. The fair values are gained from third-party financial institutions which are the independent counterparties in the transactions. The fair values of the hypothetical derivatives were determined based on Level 2 fair values as well. The Company determined the credit risk free fair value (being the difference between the spot price and the market based forward price) of the hypothetical derivatives with the same critical terms as of the hedged items as at 26 January 2019.

HEDGING INSTRUMENTS

The table below contains the terms, amount and timing of future cash flows in relation to the forward contracts along with the date of designation.

Outstanding forward contracts Cash flow hedges	Average exchange rate	Notional value: Foreign currency	Notional value: Local currency	Carrying amount of the hedging instruments assets/ liabilities
Less than 3 months	1.40	9,726,402	6,968,358	402,014
3 to 6 months	1.36	5,154,989	3,796,124	91,436
6 months to 9 months	1.31	4,808,028	3,659,779	-48,889
9 months to 1 year	1.31	1,720,681	1,309,750	-22,050

The average price of the USD forward contracts is 1.3555 USD/GBP.

With respect to derivatives, the following inherent risks have been identified by the Company:

- counterparty risk: This risk arises when the counterparty defaults on the forward contracts. Since the risk is higher in OTC markets, the Company manages this risk by entering into forward transactions with only trustworthy banks with international reputation.
- Liquidity risk: This risk arises if the derivative is closed out before maturity. The Company manages this risk by never selling the derivatives before maturity.
- Market risk: This risk refers to the general risk regarding the market value changes of the forward transactions. Since the transactions are not entered into for trading purposes, this risk is mitigated by the fact that they are applied for hedging purposes, only for hedging the highly probable future transactions (inventory purchases).

* No comparatives shown as the forwards contracts outstanding at year end only consisted of contracts entered during the year 2018/2019.

28. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")

EBITDA as reported in the Headlines on page 2 is calculated as follows:

GROUP AND COMPANY	**52 weeks to 26 January 2019 £'000**	52 weeks to 27 January 2018 Restated £'000
(Loss) / profit on ordinary activities before tax	**(4,214)**	6,720
Deduct:		
Investment revenues	**(76)**	(37)
Finance costs	**4**	–
Add:		
Depreciation of property, plant and equipment and leasehold improvements	**6,017**	5,720
Amortisation of intangible assets	**1,045**	862
EBITDA*	**2,776**	13,265
Adjusting items	**3,799**	–
Adjusted EBITDA**	**6,575**	13,265

* EBITDA is earnings before interest, tax, depreciation and amortisation.

** Adjusted EBITDA is earning before interest, tax, depreciation, amortisation and other adjusting items as disclosed on the face of the Statement of Comprehensive Income and in note 30.

29. RELATED PARTY TRANSACTIONS

The Group had no material related party transactions which might reasonably be expected to influence decisions made by users of these Financial Statements. Directors' remuneration is disclosed in the Annual Report on Remuneration on pages 55 to 65. Other related parties are key management (employees below Director level who have authority and responsibility for planning, directing and controlling the Company) and major Shareholders. The key management personnel compensation is as follows:

	2018/19 £'000	2017/18 £'000
Short-term employee benefits	**1,071**	1,488
Termination payments	**322**	123
Contributions to defined contribution plans	**62**	68
Share based payments expense	**122**	54
	1,577	1,733

Total remuneration is included in administrative expenses and relates to 8 employees in the period ended 26 January 2019 (2017/18: 10).

TRADING TRANSACTIONS

The Group entered into the following transactions with related parties who are not members of the Group:

Berkeley Burke Trustee Company Limited is considered a related party of the Group because Brian Brick, Chief Executive Officer of Moss Bros Group plc is a beneficiary of the pension fund. On 8 December 2011, Moss Bros Group plc agreed a long-term lease with Berkeley Burke Trustee Company Limited, a pension fund and the superior landlord, for a store in Hounslow, on an arm's length basis.

AAK Limited is considered a related party of the Group because Maurice Helfgott, Senior Independent Non- Executive Director of Moss Bros Group plc, has a close relative holding a key management position with significant influence and who is a significant shareholder at AAK Limited. All transactions with AAK Limited have been on an arm's length basis. At 26 January 2019, total purchase from AAK Limited was £555k, including VAT, (27 January 2018: £2.5m, including VAT). £15,888 was outstanding at year end (27 January 2018: £14,000).

Moss Bros agreed a sublet of a store lease to White Stuff Ltd. Debbie Hewitt, Chairman of Moss Bros Group plc, is also Chairman and director of White Stuff. The transaction was at an arm's length commercial terms and Debbie Hewitt took no part in determining the commercial terms offered by Moss Bros or in the decision to accept them taken by White Stuff. The sublet is from June 2014 until December 2021 at a rent of £50,000 per year. A capital contribution of £50,000 was paid to White Stuff on completion of the agreement. At 26 January 2019 the balance due from White Stuff was £1,156 in respect of insurance payable in arrears.

30. ADJUSTING ITEMS

GROUP AND COMPANY	**2018/19 £'000**	2017/18 £'000
ADMINISTRATIVE EXPENSES:		
Reorganisation costs – Professional charges	**118**	–
	118	–
SHOP SELLING AND MARKETING COSTS:		
Impairment of leased properties	**2,171**	–
Provision for dilapidations and property related costs	**445**	–
Reorganisation costs and other people related costs	**1,065**	–
	3,681	–
	3,799	–
TAX (CREDIT):		
Tax (credit) on adjusting items	**(547)**	–
	(547)	–
	3,252	

a) Store impairments
As part of the strategic review of our store portfolio carried out in 2018 the group revised future projections for all stores on a store by store basis. The review identified a number of stores where future performance may not support the carrying value of the store assets. Approximately twenty stores showed the potential for a material shortfall in discounted future revenue streams failing to cover the carrying value of store assets. Whilst action plans are in place to attempt to improve performance, it was considered appropriate to impair the carrying value of these store assets. Adjusting items within store costs of £2.2m have been recognised in the year.

b) Property portfolio review and related costs
As a further result of the strategic review of our store portfolio carried out in 2018, we have provided for an extension from 18 to 30 months to the 'look forward' provision for estimated dilapidations costs in respect of stores which the Group would reasonably expect, should performance not improve, to either not renew the lease of or serve a lease break clause on, causing a dilapidations liability to be triggered. As a result we have recognised £0.3m of adjusting items within store costs. In addition, a further £0.1m of other costs resulting directly from the property portfolio review are included here.

c) Strategic reorganisation and employee-related costs
Charges of £1.2m (£1.1m within shops selling and marketing costs, £0.1m within Administrative costs) were incurred as a result of certain elements of the transformation required within the business in order to deliver the overall business strategy, including redundancies, recruitment costs and associated professional fees in relation to key roles which, following the changes made will help better deliver the future strategy of the business.

31. EVENTS AFTER THE REPORTING PERIOD

At the reporting date, no significant events have taken place that have a material impact on the financial position of the Group as at 26 January 2019.

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Moss Bros Group PLC, please forward this document and the accompanying form of proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

A form of proxy for the Annual General Meeting is enclosed. Whether or not you intend to be present at the meeting, please complete the form of proxy and return it in accordance with the instructions printed on it so as to reach Moss Bros Group PLC's registrar, Link Asset Services, by no later than 12 noon on 13 May 2019 or, in the event of any adjournment, at 12 noon on the date which is two days before the day of the adjourned meeting. Alternatively, you can register your proxy vote electronically, either by means of a website provided by the Moss Bros Group PLC's registrar or, if you are a CREST member, by using the service provided by Euroclear. Further details are given in the notes to this notice. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting in person, should you so wish.

Notice is hereby given that the Annual General Meeting of Moss Bros Group PLC (the "Company") will be held at 8 St. John's Hill, Clapham Junction, London, SW11 1SA on 15 May 2019 at 12 noon for the transaction of the following business:

To consider and, if thought fit, to pass the following resolutions. It is intended to propose resolutions 13 to 15 (inclusive) as special resolutions. All other resolutions will be proposed as ordinary resolutions. Voting on all resolutions will be by way of poll.

ORDINARY RESOLUTIONS

1. To receive the annual Directors' and Auditors' reports and the accounts for the financial year ended 26 January 2019.
2. To approve the Directors' remuneration report (excluding the Directors' remuneration policy) for the financial year ended 26 January 2019 as set out on pages 46 to 54 of the Company's Annual Report and Accounts 2018/2019.
3. To elect Colin Porter as a Director of the Company.
4. To elect Gareth Jones as a Director of the Company.
5. To re-elect Alex Gersh as a Director of the Company
6. To re-elect Tony Bennett as a Director of the Company.
7. To re-elect Brian Brick as a Director of the Company.
8. To re-elect Maurice Helfgott as a Director of the Company.
9. To re-elect Deloitte LLP as the auditor of the Company until the conclusion of the Company's next Annual General Meeting.
10. To authorise the Directors to set the remuneration of the auditor as they shall in their discretion see fit.
11. That:

    (a) the Moss Bros Group Long Term Incentive Plan ("LTIP"), amended as set out in the document produced at the Annual General Meeting and initialled by the Chairman of the meeting for the purposes of identification (the terms of which are summarised in the Appendix to this notice), be renewed and approved for a further period of ten years; and

    (b) the directors of the Company be authorised to do all acts and things which they may consider necessary or expedient for the purposes of implementing and giving effect to the same.
12. That the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares (as defined in section 540 of the Act) and grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £1,679,997.85 (representing 33,599,957 shares), this authorisation to expire at the conclusion of the next Annual General Meeting of the Company (or, if earlier, on 25 July 2020), (save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the Directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired).

SPECIAL RESOLUTIONS

13. That, subject to the passing of resolution 12 set out in the notice of the 2019 Annual General Meeting of the Company, the Directors be generally empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act) of the Company for cash pursuant to the authority conferred by that resolution as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

    (a) the allotment of equity securities for cash in connection with, or pursuant to, an offer of or invitation to acquire equity securities in favour of the holders of ordinary shares of the Company in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of, any regulatory body or stock exchange in any territory or any other matter whatsoever; and

    (b) the allotment (otherwise than pursuant to sub-paragraph (a) of this resolution) of equity securities up to an aggregate nominal amount of £251,999.68, and the power hereby granted shall expire at the conclusion of the next Annual General Meeting of the Company (or, if earlier, on 25 July 2020) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry in which case the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

14. That the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of any of its ordinary shares of 5p each in the capital of the Company on such terms and in such manner as the Directors may from time to time determine provided that:

    (a) the maximum number of ordinary shares which may be purchased is 10,079,987 ordinary shares of 5p each (representing approximately 10 per cent. of the issued ordinary share capital of the Company at 11 April 2019, being the last practicable date prior to the date of this document)

    (b) the minimum price that may be paid for each ordinary share shall be 5p which is an amount exclusive of expenses, if any;

    (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of:

        (i) 105 per cent. of the average of the middle market quotations for an ordinary share of the Company as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which such is contracted to be purchased; and

        (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;

    (d) unless previously renewed, revoked or varied, the authority conferred by this resolution shall expire at the conclusion of the next Annual General Meeting of the Company (or, if earlier, on 25 July 2020); and

    (e) the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which would or might be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares pursuant to it as if this authority had not expired.

15. That a general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice.

By Order of the Board

TONY BENNETT
COMPANY SECRETARY
5 April 2019

Registered Office:
8 St. John's Hill
Clapham Junction
London
SW11 1SA
Registered in England and Wales No. 00134995

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

NOTES

1. Copies of the Executive Directors' service contracts with the Company, the Non-Executive Directors' letters of appointment with the Company and the rules of the LTIP marked-up to show the changes proposed will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public bank holidays excepted) from the date of this notice until the close of the Company's 2019 Annual General Meeting on 15 May 2019 and will also be available for inspection at the place of the meeting for at least 15 minutes prior to, and throughout, the meeting. A copy of this notice and other information required by section 311A of the Companies Act 2006 (the "Act") can be found at **http://corp.moss.co.uk/reports/**

2. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and section 360(B)(2) of the Act, the Company specifies that in order to have the right to attend and vote at the Annual General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at close of business on 13 May 2019 or, in the event of any adjournment, at close of business on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

3. A member of the Company entitled to attend, speak and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote in their place. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.

4. A form of proxy for the 2019 Annual General Meeting is enclosed. To be valid, the completed and signed form of proxy, together with the power of attorney or authority, if any, under which it is signed (or a duly certified copy of any such power or authority), or other instrument appointing a proxy must be received by post or by hand (during normal business hours) with the Company's registrars, Link Asset Services at PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF as soon as possible but not less than 48 hours before the time of the meeting. If you are a CREST member, see note 5 below. Alternatively, a member may appoint a proxy electronically, or may wish to vote electronically online, at **www.signalshares.com**. Please see the form of proxy for further details.

   Return of a completed form of proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member from attending and voting personally at the meeting if he/she wishes to do so.

5. Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained below.

   CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual (available via **www.euroclear.com/CREST**) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of the Annual General Meeting, being 12 noon on 13 May 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. Any person to whom this notice is sent who is a person currently nominated by a member of the Company to enjoy information rights under section 146 of the Act (a "nominated person") may have a right under an agreement between him/her and such member by whom he/she was nominated, to be appointed, or to have someone else appointed, as a proxy for the Annual General Meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement of the above rights of the members in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by a member of the Company.

7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

8. Any member attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

9. Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act, (in each case) that the members propose to raise at the Annual General Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

10. As at 11 April 2019 (being the last practicable date prior to the date of this document) the Company's issued share capital consists of 100,799,873 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 100,799,873.

11. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

12. Under section 338 and section 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than the date 6 clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

13. Voting on all resolutions at the Annual General Meeting will be by way of a poll. This means that you will be asked to complete a poll card if you attend in person. The Company believes that this is the best way of representing the views of as many shareholders as possible in the voting process.

EXPLANATORY NOTES

1. **Resolution 2.** This resolution is to approve the Directors' remuneration report (other than the part containing the Directors' remuneration policy) for the financial year ended on 26 January 2019. You can find the report on pages 55 to 65 of the Company's Annual Report and Accounts 2018/2019, which is available on the Company's website **http://corp.moss.co.uk/reports/**. As this vote is an advisory vote, no entitlement of a Director to remuneration is conditional on it. This resolution is put annually as required by the Act.

2. **Resolutions 3 to 8.** As required by the UK Corporate Governance Code, biographical details of each of the Directors standing for election and re-election appear on page 29 of the Company's Annual Report and Accounts 2018/2019. Under the Company's articles of association, one-third of the Directors are required to retire by rotation each year. However, in accordance with the UK Corporate Governance Code, all the Directors will submit themselves for annual re-election by shareholders. The Chairman is satisfied that, following individual formal performance evaluations, the performance of the Directors standing for election and re-election continues to be effective and to demonstrate commitment to the role.

3. **Resolution 9.** The Company is required to appoint auditors at each Annual General Meeting, to hold office until the end of the next Annual General Meeting. The Company has selected Deloitte LLP to remain its auditor following its tender process in March 2018. Therefore, it is being proposed that Deloitte LLP be re-appointed as auditors of the Company until the conclusion of the next Annual General Meeting.

4. **Resolution 11.** The Company's long-term incentive plan was approved by shareholders in October 2009 and is due to expire in October 2019 on its 10-year anniversary. Resolution 11 proposes that the rules of the LTIP will be renewed and approved in order for awards to be granted for a further 10-year period. A limited number of amendments are to be made to the LTIP and a summary of the LTIP (as amended) is set out in the Appendix to this notice.

5. **Resolution 12.** Your Directors may allot shares and grant rights to subscribe for, or convert any security into, shares only if authorised to do so by shareholders. The authority granted at the last Annual General Meeting is due to expire at this year's Annual General Meeting. Accordingly, resolution 12 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares. If given, these authorities will expire at the Annual General Meeting in 2020 or on 25 July 2020, whichever is earlier. Resolution 12 will allow the Directors to allot ordinary shares up to a maximum nominal amount of £1,679,997.85, representing approximately one-third (33.33 per cent.) of the Company's existing issued share capital and calculated as at 11 April 2019 (being the latest practicable date prior to the date of this document).

   As at 11 April 2019 (being the last practicable date prior to the date of this document) the Company holds no treasury shares.

6. **Resolution 13.** Your Directors also require a power from shareholders to allot equity securities for cash and otherwise than to existing shareholders pro rata to their holdings. The power granted at the last Annual General Meeting is due to expire at this year's Annual General Meeting. Accordingly, resolution 13 will be proposed as a special resolution to grant such power. Apart from offers or invitations in proportion to the respective number of shares held, the power will be limited to the allotment of equity securities for cash up to an aggregate nominal value of £251,999.68 (being approximately five per cent. of the Company's issued ordinary share capital at 11 April 2019, being the latest practicable date prior to the date of this document). If given, this power will expire on 25 July 2020 or at the conclusion of the Annual General Meeting in 2020, whichever is the earlier.

   The figure of five per cent. reflects the Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights for general unrestricted use (the "Statement of Principles"). Your Directors will have due regard to the Statement of Principles in relation to any exercise of this power, in particular the requirement for advance consultation with shareholders before making any non pre-emptive cash issue pursuant to this resolution which exceeds 7.5 per cent. of the Company's issued ordinary share capital in any rolling three year period. Your Directors are not seeking authority for the disapplication of pre-emption rights (for an additional five per cent. of the Company's issued ordinary share capital) for use for an acquisition or other capital investment of a kind contemplated by the Statement of Principles.

7. **Resolution 14.** This resolution will give the Company authority to purchase its own shares in the markets up to a limit of 10 per cent. of its issued ordinary share capital. The maximum and minimum prices are stated in the resolution. Your Directors believe that it is advantageous for the Company to have this flexibility to make market purchases of its own shares. Your Directors will exercise this authority only if they are satisfied that a purchase would result in an increase in expected earnings per share and would be in the interests of shareholders generally.

   In the event that shares are purchased, they may either be cancelled (and the number of shares in issue would be reduced accordingly) or, in accordance with the Act, be retained as treasury shares. The Company will consider holding repurchased shares pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base.

   As at 11 April 2019, being the last practicable date prior to the date of this document, the total number of options over ordinary shares in the capital of the Company that were outstanding under all of the Company's share option plans was 4,562,056, which if exercised would represent 4.33 per cent. of the Company's issued share capital at that date. If the Company were to purchase its own shares to the fullest possible extent of its authority from shareholders (existing and being sought), this number of outstanding options could potentially represent 5.35 per cent. of the issued share capital of the Company.

8. **Resolution 15.** Changes made to the Act by the Companies (Shareholders' Rights) Regulations 2009 increase the notice period required for general meetings of the Company to at least 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (Annual General Meetings will continue to be held on at least 21 clear days' notice.)

   Until the coming into force of the Companies (Shareholders' Rights) Regulations 2009 on 3 August 2009, the Company was able to call general meetings other than an annual general meeting on at least 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, resolution 15 seeks the necessary shareholder approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

   The flexibility offered by this resolution will be used where, taking into account the circumstances, the directors consider this appropriate in relation to the business to be considered at the meeting.

   Note that the changes to the Act mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

9. **Recommendation**
   Your Directors believe that all the proposed resolutions to be considered at the 2019 Annual General Meeting as set out in this document are in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of them as they intend to do in respect of their own beneficial holdings.

10. **Note from the Chairman:**
    "I can confirm, as required by the UK Corporate Governance Code, that having fully evaluated their performances, the Board is of the view that each of the Directors offering themselves for re-appointment at the Annual General Meeting continue to be effective and to demonstrate commitment to their role."

Debbie Hewitt
Chairman

APPENDIX

A SUMMARY OF THE PRINCIPAL FEATURES OF THE MOSS BROS GROUP LONG TERM INCENTIVE PLAN ("LTIP") (AS AMENDED)

OPERATION
The Remuneration Committee of the Board of directors of the Company (the "Committee") will supervise the operation of the LTIP.

ELIGIBILITY
Any employee (including an executive director) of the Company and any of its subsidiaries will be eligible to participate in the LTIP at the discretion of the Committee.

GRANT OF AWARDS
The Committee may grant an award in one of two forms:

(i) a nil-cost option, where a participant can decide when to exercise his/her award over ordinary shares in the Company ("Shares") during a specified period of time after vesting; or

(ii) a conditional award, where a participant will receive free Shares on the vesting of his/her award.

As originally adopted, the LTIP also provided for awards of forfeitable shares. This type of award has been deleted from the rules.

The Committee may normally grant awards within six weeks following: (i) adoption of the LTIP; (ii) the Company's announcement of its results for any period; or (iii) the lifting of restrictions on dealing in Shares that prevented grant of awards under (i) or (ii). The Committee may also grant awards when there are exceptional circumstances which the Committee considers justifies the granting of awards.

No awards will be granted after the tenth anniversary of the date on which the LTIP is re-approved and renewed by shareholders of the Company.

No payment will be required for the grant of an award.

Awards are not transferable (other than to the participant's personal representatives in the event of death). Any benefits obtained under the LTIP are not pensionable.

INDIVIDUAL LIMIT
The maximum number of Shares that may be awarded to a participant in any financial year will be limited so that the market value of such Shares on the grant date will not exceed 100% of the individual's base salary.

In exceptional circumstances the Committee may grant awards over Shares with a market value exceeding 100% of the individual's base salary on the grant date, but subject to the most recent directors' remuneration policy approved by the shareholders of the Company (where relevant).

OVERALL LTIP LIMITS
The LTIP may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten year period, the Company may not issue (or have the possibility to issue) more than 10% of the issued ordinary share capital of the Company under the LTIP and any other employees' share plan adopted by the Company. The original limit was 15% of the issued ordinary share capital of the Company.

Treasury Shares will count as new issue Shares for the purposes of this limit, but they will also cease to count towards this limit if institutional investor bodies decide that they need not count.

VESTING OF AWARDS
Awards will normally vest on the later of the expiry of the third anniversary of the grant date and the date that the Committee determines the extent to which the applicable performance conditions have been satisfied, and provided the participant is still a director or employee in the Company's group.

An award in the form of an option will normally remain exercisable until the tenth anniversary of the grant date.

The Committee may allow awards to be settled in cash (in whole or part) where the Committee considers it appropriate to do so in exceptional cases.

HOLDING PERIODS

The terms of the LTIP allow for the application of a holding period during which a participant will ordinarily be required to retain their net of tax number of vested Shares (if any) delivered under the LTIP (or the full number of the vested Shares whilst held under an unexercised nil-cost option award, where relevant) for a specified period from the date an award vests.

All awards to the Company's executive directors (and such others if any as the Committee requires) will be subject to a two-year holding period from the date of vesting, in accordance with the Company's directors' remuneration policy.

PERFORMANCE CONDITIONS

The Committee may impose such performance conditions as it considers appropriate which must be satisfied before any award will vest.

A performance condition may be altered if circumstances or events are such that the Committee, acting fairly and reasonably, considers that it would be appropriate to do so. Any altered performance condition shall not be materially less difficult to satisfy than the original performance condition.

PAYMENT ON ACCOUNT OF DIVIDENDS

The Committee may decide prior to the grant date of an award that a participant will be entitled to receive a payment in Shares (or, in exceptional cases, cash), on or shortly following vesting of his conditional share award or exercise of his option, of an amount equivalent to the dividends that would have been paid on the Shares vested under the award between the grant date and the date of vesting (and assuming reinvestment in Shares on the relevant ex-dividend dates).

LEAVING EMPLOYMENT

As a general rule, an award will lapse upon a participant leaving the employment of the Company's group. However, if before the vesting of an award a participant ceases to be a director or employee within the Company's group by reason of death, injury or disability, retirement with the agreement of his or her employer, the sale of the participant's employing business by the group or other circumstances which the Committee determines in its discretion, then the award will be retained and may vest on the normal vesting date subject to:

(i) the extent to which the performance condition has been satisfied at that time; and

(ii) the pro-rating of the award to reflect the period of time between its grant and the date of cessation of employment, unless determined otherwise by the Committee.

The Committee may, in exceptional circumstances, allow awards to vest in such circumstances at the time of cessation of employment, in which case awards would normally be subject to the performance conditions as measured over the shorter period to the date of cessation of employment and time pro-rating as outline above.

Where an individual holding a vested award leaves the Company's employment, the individual will be able to exercise that vested award within 12 months of the date of cessation of employment, unless the reason for such cessation is the individual's misconduct in which case the award will lapse.

Where a participant leaves the Company's employment and his award is subject to a holding period, the holding period will continue to apply to the award and/or vested Shares (except where the Committee determines otherwise, in exceptional circumstances).

CORPORATE EVENTS

The Committee may, at its discretion, allow awards to vest early to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time. The awards will normally be pro-rated to reflect the shorter than normal period of time between the grant date and the time of vesting. The Committee can decide not to pro-rate awards if it regards it as inappropriate to do so in the particular circumstances.

Awards may also vest on the same basis (with performance conditions and time pro-rating applied) if a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of the Shares to a material extent.

In the event of a takeover, scheme of arrangement or winding up of the Company, the Committee can require that awards will be replaced by equivalent new awards over shares in a new holding company.

MALUS AND CLAWBACK

The Committee retains a power to reduce the potential vesting of unvested awards (including to zero) (often referred to as 'malus') or to recoup the value of previously vested awards from an individual until 3 years of the date of vesting if it considers it appropriate to do so (often referred to as 'clawback'). The rule covering clawback has been clarified and expanded in relation to malus provisions The Committee may choose to exercise this power in the following circumstances:

- a material misstatement of the financial results of the Company;
- the assessment or calculation of a performance condition which was based on an error or inaccurate or misleading information that directly or indirectly led to an award vesting to a greater degree than would have been the case;
- the participant ceases to be an employee or director as a result of misconduct or acts in a manner which would justify summary dismissal;
- the Company becomes insolvent; or
- other circumstances which would, in the opinion of the Committee, have a significant impact on the reputation of the Company.

PARTICIPANTS' RIGHTS
Awards will not confer any shareholder rights on participants until the awards have vested and the participants have received their Shares.

RIGHTS ATTACHING TO SHARES
Any Shares allotted when an award vests (or for an award structured as an option, when it is exercised) will rank equally with all other Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

VARIATION OF CAPITAL
In the event of any variation of the Company's share capital, or in the event of a demerger, payment of a special dividend or other similar event which materially affects the market price of the Shares, the Committee may make such adjustments as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

ALTERATIONS
The Committee may, at any time, alter the provisions of the LTIP in any respect, provided that the prior approval of shareholders must be obtained for any alterations that are in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of Shares held in treasury, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be provided under the LTIP and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

If the proposed alterations are to the material disadvantage of participants the Board must invite participants to indicate if they approve the alterations and if so the alterations must be approved by a majority of the participants that respond.

DEFERRED BONUS AWARDS
- As a continuation of past practice the LTIP includes the ability to grant awards in order to allow the deferral of a proportion of a participant's annual bonus ("Deferred Bonus Awards"), in line with the Company's directors' remuneration policy. All Deferred Bonus Awards shall be counted towards the 10% dilution limit.

Deferred Bonus Awards will be subject to the same provisions of the LTIP outlined above, except that:

- normally Deferred Bonus Awards will not be subject to performance conditions; and
- the period for malus/ clawback period will be 3 years from the date of grant of a Deferred Bonus Award.

MOSS BROS GROUP PLC

FORM OF PROXY FOR USE BY SHAREHOLDERS AT THE ANNUAL GENERAL MEETING OF MOSS BROS GROUP PLC (THE "COMPANY") TO BE HELD AT 12 NOON ON 15 MAY 2019 AT 8 ST. JOHN'S HILL, CLAPHAM JUNCTION, LONDON SW11 1SA.

Please read the notice of meeting and the explanatory notes before completing this proxy form.

I/We (name(s) in full) (IN BLOCK CAPITALS PLEASE) ______________________________

of (address(es)) ______________________________

being the holder(s) of ordinary shares of 5p each in the capital of the Company, hereby appoint the Chairman, or failing her, the Senior Non-Executive Director, or ______________________________

to act as my/our proxy to exercise all or any of my/our rights to attend, speak and to vote in respect of my/our voting entitlement on my/our behalf at the Annual General Meeting of the Company to be held at 12 noon on 15 May 2019 and at any adjournment thereof.

If you want your proxy to vote in a certain way on the resolutions specified, please place a mark in the relevant boxes. If you fail to select any of the given options, your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can do this on any resolution put to the meeting.

☐ Please tick here if this proxy appointment is one of multiple appointments being made. (For the appointment of more than one proxy, please refer to note 1 below.)

		For	Against	Vote Withheld	Discretion
Resolution 1	To receive the annual accounts and reports of the Directors and auditors for the financial year ended 26 January 2019				
Resolution 2	To approve the Directors' remuneration report (excluding the Directors' remuneration policy) for the financial year ended 26 January 2019				
Resolution 3	To elect Colin Porter as a Director of the Company				
Resolution 4	To elect Gareth Jones as a Director of the Company				
Resolution 5	To re-elect Alex Gersh as a Director of the Company				
Resolution 6	To re-elect Tony Bennett as a Director of the Company				
Resolution 7	To re-elect Brian Brick as a Director of the Company				
Resolution 8	To re-elect Maurice Helfgott as a Director of the Company				
Resolution 9	To re-elect Deloitte LLP as auditor of the Company				
Resolution 10	To authorise the Directors to set the remuneration of the auditor				
Resolution 11	To renew and amend the LTIP				
Resolution 12	To authorise the Directors to allot shares pursuant to section 551 of the Companies Act 2006				
Resolution 13	To authorise the Directors to dis-apply pre-emption rights pursuant to sections 570 of the Companies Act 2006				
Resolution 14	To authorise the Company to make market purchases of its ordinary shares pursuant to section 701 of the Companies Act 2006				
Resolution 15	To approve general meetings of the Company (other than annual general meetings) to be held on not less than 14 clear days' notice				

Signature ______________________________

Dated this ____________________ day of ____________________ 2019

To facilitate arrangements for the meeting, please tick here (without commitment on your part) if you propose to attend the meeting. ☐

NOTES

1. To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. A proxy need not be a member of the Company. You can also appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. The following options are available:
   (a) To appoint the Chairman as your sole proxy in respect of all your shares, simply fill in any voting instructions in the appropriate box and sign and date the form of proxy.
   (b) To appoint a person other than the Chairman as your sole proxy in respect of all your shares, delete the words 'the Chairman, or failing him the Senior Non-Executive Director, or', and insert the name of your proxy in the spaces provided. Then fill in any voting instructions in the appropriate box and sign and date the form of proxy.
   (c) To appoint more than one proxy, you may photocopy this form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the Annual General Meeting'. All forms must be signed and should be returned together in the same envelope.
2. Unless otherwise indicated the proxy will vote as he thinks fit or, at his discretion, abstain from voting.
3. The form of proxy must arrive at Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF during usual business hours accompanied by any power of attorney or other authority under which it is executed (if applicable) (or a duly certified copy of such power of attorney or authority) no later than 12 noon on 13 May 2019.
4. A corporation must execute the form of proxy under either its common seal or the hand of a duly authorised officer or attorney.
5. In the case of joint holders, the signature of any one holder will be sufficient, but the names of the joint holders should be stated. The vote of the senior joint holder (according to the order in which the names stand in the register in respect of the holding) who tenders a vote in person or by proxy shall be accepted to the exclusion of the vote of the other joint holder(s).
6. The 'Vote Withheld' option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes 'For' and 'Against' a resolution.
7. Shares held in uncertified form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.
8. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.
9. You may also vote your shares electronically at www.signalshares.com. If you prefer, you may return the proxy form to Link Asset Services in an envelope addressed to FREEPOST PXS. Please note that delivery using this service can take up to 5 business days.

Please trim along dotted line,
fold and insert into the
supplied reply paid envelope.