Registered number: 10678491

WEIRD FISH CLOTHING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 DECEMBER 2019

COMPANY INFORMATION

Directors	J Stockton B Phillips J Goodwin S Shutt S Bailey (appointed 10 December 2020) B Mercier (appointed 10 December 2020)
Registered number	10678491
Registered office	Unit 15 Miller Court Severn Drive Tewkesbury Business Park Tewkesbury Gloucestershire GL20 8DN
Independent auditor	Crowe U.K. LLP Statutory Auditor Carrick House Lypiatt Road Cheltenham GL50 2QJ

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STRATEGIC REPORT
FOR THE PERIOD ENDED 29 DECEMBER 2019

Business review

The group is engaged in the design, sourcing, E tailing, retailing, and wholesaling of clothing and accessories under the brand name Weird Fish.

Sustainability is now the cornerstone of our strategy. In 2019 Weird Fish continued its transformation to a multichannel ‘digital first’ business. By the end of the year revenues derived from the direct-to-consumer channels were 60% of total sales (LY 57%). The business entered 2020 as a more agile organisation focused on developing sustainable products from ethical sources increasingly marketed via digital channels.

The business continues to invest in improving product ranges whilst increasingly favouring accredited ’green’ suppliers. In Q2 2020 Weird Fish launched its first athleisure Bamboo collection exclusively to online and own store customers. In Q3 2020 the signature Weird Fish Macaroni fleece is relaunched using organic cotton and recycled PET. The SS21 collection, launched to the trade in June 2020 will have 65% of all its products made from sustainable fabrics (45% SS19).

Continued investment in IT and in-house digital capabilities to support all channels is a 2020 priority. In the first half of the year development will focus on developing customer insight analysis via the Exponea platform launched in 2019. Introduction of instore ordering and click & collect alongside the roll out of digital POS will join up the multi-channel customer experience and reduce the use of paper based marketing and merchandising materials.

During 2019, interest payments of nil (2018 £601k) were made to Total Capital Partners and capital payments of nil (2018 £500k). As mentioned in the Post balance sheet events note within the Directors' report, after the year end the terms of the loan notes were varied to reduce future interest and remove all planned capital repayments. This continues to support the growth of the business by adding further working capital flexibility and increasing overall business resilience.

The Directors consider that as an investment vehicle there are no Financial Key Performance indicators for The Company. The Group KPI’s are reported in the Weird Fish Holdings Limited accounts.

Principal risks and uncertainties

The COVID-19 pandemic which gained hold in Q1 2020 remains the principal risk to the future development of the business. All our 17 own retail stores and as well our approx. 300 UK and European independent stockists were forced to close at the end of March and did not reopened until July 4th.

The continued threat of further national and regional ‘lockdowns ‘makes forecasting and planning for a large proportion of our business problematic. During the majority of 2020 management’s focus has been on continuing to operate safely under the government guidelines appertaining at the time with full regard for the safety and wellbeing of all staff, suppliers, customers, and stakeholders.

The interruption to trading principally during Q2 and into Q3 put severe strain on the finances of the business. Weird Fish did not qualify for Coronavirus Business Interruption Support Loans (CBILS) and thus the management and staff worked exceptionally hard to trade through the crisis.

The actions taken by management in 2019 to focus on Ecommerce as the primary channel, restructure to become a leaner and more agile organisation and continue to invest in the Brand and sustainable product ranges have stood Weird Fish in very good stead in 2020.

Weird Fish is renowned for its casual, laid back & fun product ranges coupled with a good value for money high quality proposition. This formula has found favour with an increasing number of online customers during 2020. Whilst the retail stores remained closed the online channel grew by 211% in Q2 & Q3. When own retail stores did re open in July demand has been buoyant with LFL sales being +12%. The strategy to locating stores in seaside and resort destinations was vindicated by the trend towards staycations in 2020.

The resilience of the Weird Fish team coupled with a fast growing and loyal customer database has helped see Weird Fish to grow the online revenues by 97% in 2020. In keeping with our ethical principles, the business ensured that all staff that who were furloughed were compensated for wages foregone during Lockdown 1 and all suppliers were paid in full. During the period of highest financial strain, the directors voluntarily sacrificed a portion of their salaries to help support the business.

In 2021 the business faces further risks around the uncertainties posed by Brexit and its potential impact on the economic climate, exchange rates and disruptions to inbound goods in the early part of the year. Additional stock holding and credit risks may arise as Weird Fish sell on forward contracts of up to 8 months duration to wholesale stockists who then make payment on credit terms.

The company is exposed to an exchange rate risk because of sourcing product from suppliers in US Dollars and Euros, the exchange rate risks are managed with the use of foreign exchange forward contracts.
Weird Fish is streamlining its wholesale forward ordering business to reduce the stock holding risk. In Q2 2021 a digital B2B ordering and payment platform is being introduced that will reduce forward ordering lead times and the costs associated with forward selling.

The company operates credit terms with wholesale accounts and is subject to a credit risk, the credit risk is managed through proactive credit management policies and procedures.

To manage and maintain a sufficient level of liquidity to support the working capital and future growth the company uses a combination of long-term group loans and short-term financing including stock financing and an invoice discounting facility with Santander UK Plc.

Uncertainty around Brexit continues to present challenges. The business continues to keep up to date with developments in relation to Brexit and is planning where possible.

Future developments

We continue to develop the Weird Fish brand and are investing in our products, distribution channels and systems. The key pillars for future growth are digital investment, sustainable products and practices and the launch of new product ranges direct to our customers primarily via online platforms and stores.

The COVID 19 pandemic has brought unprecedented challenges to all businesses. For Weird Fish, the closure of all stores and stockists for 5 months and further lockdowns towards the end of 2020 and into 2021 continues to challenge the business to change, adapt and thrive.

The changes undertaken in 2019 have stood the business in good stead. The more agile structure coupled with digital investment has meant that teams have adapted quickly to remote working and working from home with no loss of efficiency or effectiveness.

Costs have been tightly controlled and the lease terms with support of our landlords have been renegotiated for most properties. We are reviewing our store portfolio to ensure it is in appropriate shape and size for our ‘digital first’ fuller price approach. We continue to benefit from the strategy of stores being small format brand introducers located for the main in seaside or destination locations where rents are low and seasonal footfall high.

The wholesale business will decline in 2020 due to order cancellations in the region of £4.0M as many stockists remained closed during key selling periods. The wholesale channel is still an important route to market in the UK and Europe but will move to a B2B portal which will reduce lead time and stock risk.

Weird Fish has transformed to a digital first business in 2020. With more people working from home and holidaying in the UK for the foreseeable future has led to a significant increase in demand both online and in Weird Fish stores. The investment in IT and 3PL has allowed the business to scale up quickly to meet this demand.

The challenges to the business in Q1 2021 are related to further lock downs and the closure of all stores and stockists in the UK and Europe. As in the first lockdown in 2020 all stock in the business has been transferred to the online channel to offset the impact of retail closure.

As covered in detail in the Post balance sheet events note within the Directors' report, the group extended the banking facilities in March 2020 increasing the trade loan facility by £750k to support growth. The Group's bankers have remained very supportive during the period and through the lockdowns of 2020 & 2021.

At the end of 2020 sales in the Ecommerce channel had risen by 97% over 2019 which partially offset the decline in retail and wholesale sales of 41% as all stores were closed for 5 months during the year due to further COVID-19 restrictions.

In addition, as noted in the Post balance sheet events note within the Directors' report, the business has reduced its short-term loan note interest and capital repayment burden by deferring cash payments to 2021 and beyond. This, together with a continuing strong relationship with the Group’s bankers, provides valuable flexibility to protect and strengthen the business moving forwards.

During the pandemic shut down the business continued to support its supply partners and paid all suppliers in full. This support has been rewarded by the forging of stronger strategic partnerships resulting in better prices for core lines which in turn should improve second half margins.

In summary

2019 was a year of transition to a 'digital first' business with investment in recruitment of key people and development of online platforms and capabilities. Problems of intermittent supply encountered in the first half of the year led to increased costs and some order cancellations. The restructure undertaken in the second half created a more agile and scalable organisation structure.

Performance returned to plan by Q4 as demand for the brand, particularly online, grew strongly. The investment in new product ranges based on sustainable material and ethical supply began to gain favour with both new and existing customers.

The unprecedented challenges created by the COVID 19 pandemic continue to be met with great resilience and ingenuity by the team at Weird Fish. The strength of the brand and the growing customer appetite for good quality well priced lifestyle leisure wear are amply demonstrated by much increased online demand facilitated by continued investment in capabilities and technology.

The support of our bank and investor has been most welcome and very important during the restructure of 2019 and the pandemic lockdowns of 2020 and 2021. We are pleased to report that this support continues into 2021 as we invest further into digital development, sustainable and ethical products and practices and building greater brand awareness.

This report was approved by the board on 02 March 2021 and signed on its behalf.

....
J Stockton
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 29 DECEMBER 2019

The directors present their report and the financial statements for the period ended 29 December 2019.

Directors' responsibilities statement

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Results and dividends

The loss for the period, after taxation, amounted to £1,173,935 (2018 - loss £974,452).

The directors recommend no final dividend be paid (2018: £NIL). During the period no interim dividend was paid (2018: £Nil).

Directors

The directors who served during the period were:

J Stockton
B Phillips
D Murray (resigned 9 April 2020)
J McBride (resigned 29 January 2019)
J Goodwin
S Shutt

Qualifying third party indemnity provisions

The Company has provided third party indemnity provisions in respect of the directors who were in place during the period and at the date of this report.

Matters covered in the strategic report

Other matters required to be disclosed in the Report of the Directors in accordance with section 416(4) of the Companies Act 2006 in relation to financial risks and future developments are set out in the Strategic Report in accordance with section 414C(11) of the Companies Act 2006.

Disclosure of information to auditor

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

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

Post balance sheet events

On the 20 March 2020, the facilities with Santander UK Plc were extended to include an additional £750k of trade finance making the total facilities with Santander UK Plc £5.29m. Following the Coronavirus global pandemic, to support the business Santander UK Plc extended a £1.2m overdraft and removed £1m of the invoice discount facility which was ineffective as the business forecasts indicate it will not have the invoice collateral to generate the facility.

During the period to December 2020, there have been operational covenant (Credit Note Dilution, Debtor Ageing and Debt Turn) breaches in relation to the Invoice Discount Facility provided by Santander UK Plc. The breaches were a result of the disruption caused by COVID-19. The directors have been in regular communication with Santander UK Plc in relation to this matter who remain supportive with the facilities and understand the challenges faced.

On the 23rd of September 2019, the business was served an under-performance notice by Total Capital Partners Dory Investment LP in accordance with the Investment Agreement, this was formally removed on the 24 December 2020.

On the 24 December 2020 the Loan Notes A & B were varied to reduce the interest payable to 3% per annum and remove all planned capital repayments. Accrued and unpaid interest was waived, and the redemption premium attached to the Loan Notes A & B was also reduced to a maximum of 25%. The Loan Note C were varied to remove all accrued and unpaid interest and remove future interest charges.

As described in the going concern section below, this modification to the Loan notes gives the business enhanced working capital flexibility and forecast headroom against its available bank facilities.

Going Concern

The Group undertook a review of banking facilities which were completed in March 2020. The result was an increase of the extended working capital facility to £5.29m with Santander UK Plc.

Following the Coronavirus pandemic which forced closure of all 17 stores and the majority of the B2B customers (approx. 300) in March 2020 the directors of The Group prepared forecasts and reviewed scenarios to help understand the potential impact on working capital and possible funding requirements.

The Group was not eligible for the CBILS loan scheme and the current invoice discount facility with Santander did not have sufficient collateral following the closure of the B2B customers to generate the working capital required to support the business. The facilities with Santander UK Plc were modified to provide additional support the business with the granting of an overdraft of up to £1.2m and the removal of £1m of ineffective invoice discount facility.

The Group has not needed to utilise the overdraft facility thanks to prudent working capital management during 2020. The directors have provided Santander with regular business updates and they remain supportive of the management and business.

Total Capital Partners Dory Investment LP have amended the terms of its loan notes within The Group. They have removed all accrued and unpaid interest along with committed capital repayments and to reduce the future interest rate on Loan Notes A & B to 3% per annum paid quarterly along with reducing the redemption premium to a maximum of 25%. This will reduce the accrued interest held within The Group at the year end by £836k and will reduce the ongoing interest payments by £625k per annum.

As part of this restructure, the management were issued 177,500 D Ordinary shares in Weird Fish Holdings Limited (ultimate Parent), the combined B, C and D ordinary shares are entitled to 30% of the equity proceeds. This restructure was completed on the 24 December 2020. This provides additional funding flexibility, cash headroom and incentive for the Group to invest in the growth of the business and in particular the Ecommerce channels going forward.

As part of their assessment of going concern, the directors of Weird Fish Clothing Ltd have considered the above factors and have prepared detailed profit and loss, balance sheet and cash flow forecasts extending to 1 January 2023. These show that the group and company have sufficient funds to support business growth and invest in its future activities, based on the forecasted trading levels, for a period of at least 12 months from the date these financial statements have been signed. The forecasts incorporate the funding terms from Santander and Total Capital referred to above.

Despite the pandemic demand during AW20 season has been strong both from the B2B stockists and also B2C customers as referred to in the Business Review on page 1. The strong trading position is further supported by the SS21 forward order book closing at £3.9m (expectation £3.0m) which indicates the continued strong customer support for the brand. The intake margin for SS21 has increased by 2.4% over SS20, and this underpins the trading recovery expected in 2021 and beyond.

The uncertainty of Brexit has also been considered as part of the Directors’ going concern assessment and based on the information currently available, the Board believe that sufficient contingency planning is in place to ensure the business can continue to trade as a going concern in the event of difficult Brexit transition period.

The Directors of Weird Fish Clothing Limited and The Group, considering all the above, have resolved to prepare the financial statements for the period ended 29 December 2019 based on going concern.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 02 March 2021 and signed on its behalf.

....
J Goodwin
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEIRD FISH CLOTHING LIMITED

Opinion

We have audited the financial statements of Weird Fish Clothing Limited (the 'Company') for the period ended 29 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 December 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEIRD FISH CLOTHING LIMITED (CONTINUED)

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £102,000 (2018 £98,000), based on 2% of the company's total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £5,000 (2018: £4,900). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our audit procedures, which are designed primarily to enable us to form an opinion on your financial statements, were carried out in accordance with International Standards on Auditing (UK). Our work combines substantive procedures involving direct verification of balances and transactions, including obtaining confirmations from third parties where we considered this to be necessary, with a review of certain financial systems and controls.

No restrictions were placed on our audit, and we have been able to undertake our work as set out in our Audit Planning Report.

Our evaluation of the systems of control at Weird Fish Clothing Limited was carried out for the purposes of our audit and accordingly it is not intended to be a comprehensive review of systems and processes. It would not necessarily reveal all weaknesses in accounting practice or internal controls which a special investigation might highlight, nor irregularities or errors not material in relation to the financial statements.

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.

Due to the nature of the entity and its activities no key audit matters were identified.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEIRD FISH CLOTHING LIMITED (CONTINUED)

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.

We have nothing to report in this regard.

Opinion on other matters prescribed by 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 period 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEIRD FISH CLOTHING LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 5, 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Chris Mould (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ
Date: 3 March 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 DECEMBER 2019

	Note	**Period ended 29 December 2019 £**	Period ended 30 December 2018 £
Administrative expenses		**(114,699)**	(115,638)
Operating loss		**(114,699)**	(115,638)
Interest payable and similar expenses	7	**(1,059,236)**	(858,814)
Loss before tax		**(1,173,935)**	(974,452)
Loss for the financial period		**(1,173,935)**	(974,452)

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 15 to 26 form part of these financial statements.

BALANCE SHEET
AS AT 29 DECEMBER 2019

	Note		29 December 2019 £		30 December 2018 £
Fixed assets					
Investments	9		**4,910,922**		4,910,922
			4,910,922		4,910,922
Current assets					
Debtors: amounts falling due within one year	10	**1,000**		-	
		1,000		-	
Creditors: amounts falling due within one year	11	**(352,083)**		(843,782)	
Net current liabilities			**(351,083)**		(843,782)
Total assets less current liabilities			**4,559,839**		4,067,140
Creditors: amounts falling due after more than one year	12		**(6,898,508)**		(5,231,874)
Net liabilities			**(2,338,669)**		(1,164,734)
Capital and reserves					
Called up share capital	14		**460,000**		460,000
Profit and loss account			**(2,798,669)**		(1,624,734)
			(2,338,669)		(1,164,734)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
02 March 2021

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J Goodwin
Director

The notes on pages 15 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 29 DECEMBER 2019

	Called up share capital	Comprehensive income	Total equity
	£	£	£
At 1 January 2018	**460,000**	**(650,282)**	**(190,282)**
Comprehensive expense for the period			
Loss for the period	**-**	**(974,452)**	**(974,452)**
Total comprehensive expense for the period	**-**	**(974,452)**	**(974,452)**
At 30 December 2018	**460,000**	**(1,624,734)**	**(1,164,734)**
Comprehensive expense for the period			
Loss for the period	**-**	**(1,173,935)**	**(1,173,935)**
Total comprehensive expense for the period	**-**	**(1,173,935)**	**(1,173,935)**
At 29 December 2019	**460,000**	**(2,798,669)**	**(2,338,669)**

The notes on pages 15 to 26 form part of these financial statements.

1. General information

Weird Fish Clothing Limited is a private company, limited by shares, domiciled in England and Wales, registration number 10678491. The registered office is Unit 15 Miller Court, Severn Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, GL20 8DN.

The principal activity of the Company during the period continued to be that of a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company is a wholly consolidated subsidiary of Weird Fish Holdings Limited. It is included in the financial statements of Weird Fish Holdings Limited. The Company therefore claims exemption from the requirement to prepare consolidated financial statements by virtue of section 400 of the Companies Act 2006. Weird Fish Holdings Limited is the smallest and largest group to consolidate these financial statements.

The company's functional and presentational currency is the pound sterling.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Weird Fish Holdings Limited as at 29 December 2019 and these financial statements may be obtained from Unit 15 Miller Court, Severn Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, GL20 8DN.

2. Accounting policies (continued)

2.3 Going concern

The Group undertook a review of banking facilities which were completed in March 2020. The result was an increase of the extended working capital facility to £5.29m with Santander UK Plc.

Following the Coronavirus pandemic which forced closure of all 17 stores and the majority of the B2B customers (approx. 300) in March 2020 the directors of The Group prepared forecasts and reviewed scenarios to help understand the potential impact on working capital and possible funding requirements.

The Group was not eligible for the CBILS loan scheme and the current invoice discount facility with Santander did not have sufficient collateral following the closure of the B2B customers to generate the working capital required to support the business. The facilities with Santander UK Plc were modified to provide additional support the business with the granting of an overdraft of up to £1.2m and the removal of £1m of ineffective invoice discount facility.

The Group has not needed to utilise the overdraft facility thanks to prudent working capital management during 2020. The directors have provided Santander with regular business updates and they remain supportive of the management and business.

Total Capital Partners Dory Investment LP have amended the terms of its loan notes within The Group. They have removed all accrued and unpaid interest along with committed capital repayments and to reduce the future interest rate on Loan Notes A & B to 3% per annum paid quarterly along with reducing the redemption premium to a maximum of 25%. This will reduce the accrued interest held within The Group at the year end by £836k and will reduce the ongoing interest payments by £625k per annum.

As part of this restructure, the management were issued 177,500 D Ordinary shares in Weird Fish Holdings Limited (ultimate Parent), the combined B, C and D ordinary shares are entitled to 30% of the equity proceeds. This restructure was completed on the 24 December 2020. This provides additional funding flexibility, cash headroom and incentive for the Group to invest in the growth of the business and in particular the Ecommerce channels going forward.

As part of their assessment of going concern, the directors of Weird Fish Clothing Ltd have considered the above factors and have prepared detailed profit and loss, balance sheet and cash flow forecasts extending to 1 January 2023. These show that the group and company have sufficient funds to support business growth and invest in its future activities, based on the forecasted trading levels, for a period of at least 12 months from the date these financial statements have been signed. The forecasts incorporate the funding terms from Santander and Total Capital referred to above.

Despite the pandemic demand during AW20 season has been strong both from the B2B stockists and also B2C customers as referred to in the Business Review on page 1. The strong trading position is further supported by the SS21 forward order book closing at £3.9m (expectation £3.0m) which indicates the continued strong customer support for the brand. The intake margin for SS21 has increased by 2.4% over SS20, and this underpins the trading recovery expected in 2021 and beyond.

The uncertainty of Brexit has also been considered as part of the Directors' going concern assessment and based on the information currently available, the Board believe that sufficient contingency planning is in place to ensure the business can continue to trade as a going concern in the event of difficult Brexit transition period.

2. Accounting policies (continued)

2.3 Going concern (continued)

The Directors of Weird Fish Clothing Limited and The Group, considering all the above, have resolved to prepare the financial statements for the period ended 29 December 2019 based on going concern.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2.5 Debtors

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

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

2.7 Creditors

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

2.8 Finance costs

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

2. Accounting policies (continued)

2.9 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.10 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under them circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of investments

The Company makes an estimate of the recoverable value of its investments. When assessing any impairment of investments in subsidiary undertakings, management considers current and expected future trading performance of the respective companies and the environments within which they operate.

The company carries out an annual assessment of the current carrying value of investments for impairment. Detailed calculations are performed based on expected value in use cash flows of the business and discounting these at an appropriate discount rate, the determination of which requires the exercise of judgment. Following the Directors' assessment, there is no impairment required as at 29 December 2019.

(ii) Accrued finance costs

The Company accrues the redemption premium due on the Loan Notes using an effective interest rate based on a judgement of the settlement date. The redemption premium is due on a ratchet which is linked to the date of redemption.

4. Auditor's remuneration

The cost of auditors' remuneration is borne by the Company's subsidiary Company, Weird Fish Limited.

5. Employees

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

	Period ended 29 December 2019 No.	Period ended 30 December 2018 No.
	5	4

6. Directors' remuneration

The remuneration of the directors is borne by Weird Fish Limited, a subsidiary of the Company. The disclosure shown in the accounts of Weird Fish Limited is as follows.

	29 December 2019 £	30 December 2018 £
Directors' emoluments	**486,942**	447,383
Company contributions to defined contribution pension schemes	**20,568**	17,908
Consideration paid to third parties for services of a director	**3,775**	-
	511,285	465,291

During the period retirement benefits were accruing to 4 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £198,543 (2018 - £202,825).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,150 (2018 - £8,150).

7. Interest payable and similar expenses

	Period ended 29 December 2019 £	Period ended 30 December 2018 £
Loan note interest payable	**1,059,236**	858,814

8. Taxation

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	Period ended 29 December 2019 £	Period ended 30 December 2018 £
Loss on ordinary activities before tax	**(1,173,935)**	(974,452)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19%)	**(223,048)**	(185,146)
Effects of:		
Expenses not deductible for tax purposes	**223,048**	185,146
Total tax charge for the period	**-**	-

There were no factors that may affect future tax charges.

9. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 30 December 2018	**4,910,922**
dd	
At 29 December 2019	**4,910,922**
Net book value	
At 29 December 2019	**4,910,922**
At 30 December 2018	4,910,922

On 22 April 2017 the company acquired 100% of the ordinary share capital of Weird Fish Limited. Consideration was settled by way of the issue of loan notes and shares. Included in the above is acquisition costs capitalised of £466,165.

Direct subsidiary undertakings

Name	Class of shares	Holding	Principal activity
Weird Fish Limited	Ordinary	100%	Lifestyle clothing and accessories

Indirect subsidiary undertakings

Name	Class of shares	Holding	Principal activity
Weird Fish Retail Limited	Ordinary	100%	Dormant

The registered address of both subsidiary undertakings is in England.

10. Debtors

	29 December 2019 £	30 December 2018 £
Prepayments and accrued income	**1,000**	-
	1,000	-

11. Creditors: Amounts falling due within one year

	29 December 2019 £	30 December 2018 £
Loan notes	**-**	545,260
Capitalised borrowing costs	**(62,138)**	(62,138)
Amounts owed to group undertakings	**414,221**	360,660
	352,083	843,782

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

12. Creditors: Amounts falling due after more than one year

	29 December 2019 £	30 December 2018 £
Loan notes	**6,979,715**	5,375,218
Capitalised borrowing costs	**(81,207)**	(143,344)
	6,898,508	5,231,874

Secured Loans

Loan notes comprise A loan notes, B loan notes and C loan notes. These are secured by a composite guarantee and debenture. The A and B loan notes are listed on The International Stock Exchange (TISE). The C loan notes are director loan notes.

The A loan notes, which have a carrying value of £572,147 (2018: £902,826), are repayable by a single instalment on 30 April 2022, and incur a redemption premium equating to 25% of the principal for repayments made before 30 April 2021, 45% before 30 April 2022 and 55% thereafter. The redemption premium becomes payable on a repayment of the principal. This is being accrued under an effective rate of interest. The loan notes attracted interest at rates of 8.5%, 12.5%, and 15% throughout the year..

The B loan notes, which have a carrying value of £6,261,992 (2018: £4,878,671), are repayable by a single instalment on 30 April 2023, and incur a redemption premium equating to 25% of the principal for repayments made before 30 April 2021, 45% before 30 April 2022 and 55% thereafter. The redemption premium becomes payable on a repayment of the principal. This is being accrued under an effective rate of interest. The loan note attracts interest at a rate of 15% per annum.

The company has the option to make early repayments on principal amounts.

The C loan notes, which have a carrying value of £145,576 (2018: £138,981), are repayable by a single instalment on 30 April 2025. The loan notes attract interest at a rate of 5% per annum.

On 24 December 2020 the Loan Notes A, B & C were varied to remove all accrued and unpaid interest and reduced the interest on the A&B Loan Notes to 3% per annum paid quarterly from March 2021 at the same time the interest on the C Loan Notes was removed. As described in the Going Concern note on page 16, this modification to the Loan notes gives the business enhanced working capital flexibility and forecast headroom against its available bank facilities.

The Company is dependant on the performance of its subsidiary, Weird Fish Limited, in order to meet its obligations. The directors closely monitor the performance of Weird Fish Limited.

13. Loans

Analysis of the maturity of loans is given below:

	29 December 2019 £	30 December 2018 £
Amounts falling due within one year		
Loan notes	**-**	545,260
Amounts falling due 2-5 years		
Loan notes	**6,834,139**	5,236,237
Amounts falling due after more than 5 years		
Loan notes	**145,576**	138,981
	6,979,715	5,920,478

14. Share capital

	29 December 2019 £	30 December 2018 £
Allotted, called up and fully paid		
460,000 (2018 - 460,000) Ordinary shares of £1.00 each	**460,000**	460,000

All shares rank pari passu.

15. Contingent liabilities

Weird Fish Limited, a subsidiary of the Company, has a £4.25m working capital facility with Santander UK Plc. There is a fixed and floating charge over the assets of the company in relation to the banking arrangements.

There were no other contingent liabilities at 29 December 2019 or 30 December 2018.

16. Related party transactions

During the period, the Company was charged professional fees of £50,000 (2018: £53,000) by a partnership and Company connected to the shareholders of Weird Fish Holdings Limited.

During the period the Company repaid £Nil (2018: £650,000) of the principal debt and £Nil (2018: £594,117) of interest was paid on loan notes from a partnership connected to the shareholders of Weird Fish Holdings Limited. At 29 December 2019 the balance of the loan notes was £5,221,522 (2018: £5,221,522) and the accrued interest was £1,612,617 (2018: £559,975).

During the year, the company received loans in the form of loan notes of £Nil (2018:£nil) from certain Directors. At 29 December 2019 the balance of the loan notes was £134,486 (2018: £134,486) and accrued interest was £11,090 (2018: £4,495).

The A, B and C loan notes were varied on the 24 December 2020. Full details are available within the Post Balance Sheet Event note below.

17. Post balance sheet events

On the 20 March 2020, the facilities with Santander UK Plc were extended to include an additional £750k of trade finance making the total facilities with Santander UK Plc £5.29m. Following the Coronavirus global pandemic, to support the business Santander UK Plc extended a £1.2m overdraft and removed £1m of the invoice discount facility which was ineffective as the business forecasts indicate it will not have the invoice collateral to generate the facility.

During the period to December 2020, there have been operational covenant (Credit Note Dilution, Debtor Ageing and Debt Turn) breaches in relation to the Invoice Discount Facility provided by Santander UK Plc. The breaches were a result of the disruption caused by COVID-19. The directors have been in regular communication with Santander UK Plc in relation to this matter who remain supportive with the facilities and understand the challenges faced.

On the 23rd of September 2019, the business was served an under-performance notice by Total Capital Partners Dory Investment LP in accordance with the Investment Agreement, this was formally removed on the 24 December 2020.

On the 24 December 2020 the Loan Notes A & B were varied to reduce the interest payable to 3% per annum and remove all planned capital repayments. Accrued and unpaid interest was waived, and the redemption premium attached to the Loan Notes A & B was also reduced to a maximum of 25%. The Loan Note C were varied to remove all accrued and unpaid interest and remove future interest charges.

As described in the Going Concern note on pages 16-17, this modification to the Loan notes gives the business enhanced working capital flexibility and forecast headroom against its available bank facilities.

18. Ultimate parent company and ultimate controlling party

The immediate and ultimate parent Company, and the smallest and largest group to consolidate these financial statements is Weird Fish Holdings Limited, a Company registered in England and Wales. Copies of Weird Fish Holdings Limited accounts can be obtained from the regsitered office, which is Unit 15 Miller Court, Severn Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, GL20 8DN.

The ultimate controlling party is Total Capital Partners LLP in the current period and preceeding period.