Consolidated statement of comprehensive income
For the year ended 31 July 2021

	Note	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Gross sales	3	**324,519**	268,119
Revenue	3	**310,566**	255,491
Cost of sales		**(163,579)**	(135,911)
Gross profit		**146,987**	119,580
Distribution costs		**(18,680)**	(16,988)
Administrative expenses		**(101,534)**	(101,873)
Operating profit	4	**26,773**	719
Analysed as:			
Underlying operating profit		**22,531**	4,708
Operating exceptional items included within administrative expenses	5	**4,242**	(3,989)
Operating profit		**26,773**	719
Finance costs	7	**(4,180)**	(4,195)
Finance income	8	**81**	355
Net finance costs		**(4,099)**	(3,840)
Profit/(loss) before taxation		**22,674**	(3,121)
Income tax (charge)/credit	9	**(3,610)**	898
Profit/(loss) for the year		**19,064**	(2,223)
Attributable to:			
Owners of the parent			
Profit/(loss) and total comprehensive income/(expense) for the year		**19,064**	(2,223)
Earnings/(loss) per share (expressed in pence per share):			
Basic earnings/(loss) per share (pence)	10	**50.4p**	(5.8p)
Diluted earnings/(loss) per share (pence)	10	**48.6p**	(5.8p)

All amounts relate to continuing operations.

There are no other sources of comprehensive income/(expense).

Consolidated statement of financial position
As at 31 July 2021

	Note	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Non-current assets			
Intangible assets	11	**2,243**	2,358
Property, plant and equipment	12	**18,381**	17,209
Right-of-use assets	13	**102,630**	118,499
Deferred tax asset	18	**2,024**	722
Total non-current assets		**125,278**	138,788
Current assets			
Inventories	14	**17,328**	18,207
Trade and other receivables	15	**4,947**	4,804
Current income tax receivable		**–**	358
Cash and cash equivalents		**87,650**	82,282
Total current assets		**109,925**	105,651
Total assets		**235,203**	244,439
Current liabilities			
Current income tax liabilities		**1,171**	–
Trade and other payables	16	**71,818**	81,169
Provisions	19	**488**	125
Lease liabilities	13	**22,693**	24,167
Total current liabilities		**96,170**	105,461
Non-current liabilities			
Trade and other payables	17	**–**	137
Provisions	19	**1,155**	1,084
Lease liabilities	13	**93,368**	112,253
Total non-current liabilities		**94,523**	113,474
Total liabilities		**190,693**	218,935
Capital and reserves attributable to the owners of the parent			
Share capital	20	**38**	38
Share premium	20	**16**	16
Capital redemption reserve		**15**	15
Treasury reserve	28	**(549)**	(182)
Merger reserve		**25,511**	25,511
Retained earnings		**19,479**	106
Equity attributable to the owners of the parent		**44,510**	25,504
Total equity		**44,510**	25,504
Total equity and liabilities		**235,203**	244,439

The notes on pages 110 to 127 are an integral part of these consolidated financial statements.

The financial statements on pages 106 to 127 were approved by the Board and authorised for issue on 4 October 2021 and signed on its behalf by:

Steve Carson
Chief Executive Officer
ScS Group plc: Registered number 03263435

Consolidated statement of changes in equity
For the year ended 31 July 2021

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Treasury reserve £'000	Retained earnings £'000	Total equity £'000
At 28 July 2019	40	16	13	25,511	(91)	17,407	42,896
Impact of change in accounting policy	–	–	–	–	–	(5,826)	(5,826)
Tax impact of change in accounting policy	–	–	–	–	–	990	990
Balance at 28 July 2019 (restated)	**40**	**16**	**13**	**25,511**	**(91)**	**12,571**	**38,060**
Loss and total comprehensive expense	–	–	–	–	–	(2,223)	(2,223)
Share-based payment credit (note 22)	–	–	–	–	–	(818)	(818)
Purchase of own shares	–	–	–	–	–	(4,425)	(4,425)
Treasury shares (note 28)	–	–	–	–	(91)	(663)	(754)
Cancellation of repurchased shares	(2)	–	2	–	–	–	–
Dividend paid (note 21)	–	–	–	–	–	(4,336)	(4,336)
At 25 July 2020	**38**	**16**	**15**	**25,511**	**(182)**	**106**	**25,504**
At 26 July 2020	**38**	**16**	**15**	**25,511**	**(182)**	**106**	**25,504**
Profit and total comprehensive income	–	–	–	–	–	19,064	19,064
Share-based payment charge (note 22)	–	–	–	–	–	1,450	1,450
Purchase of treasury shares (note 28)	–	–	–	–	(410)	–	(410)
Sale of treasury shares (note 28)	–	–	–	–	43	(8)	35
Dividend paid (note 21)	–	–	–	–	–	(1,133)	(1,133)
At 31 July 2021	**38**	**16**	**15**	**25,511**	**(549)**	**19,479**	**44,510**

Consolidated statement of cash flows
For the year ended 31 July 2021

	Note	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Cash flows from operating activities			
Profit/(loss) before taxation		**22,674**	(3,121)
Adjustments for:			
Depreciation of property, plant and equipment	12	**3,980**	4,847
Depreciation of right-of-use assets	13	**21,149**	22,787
Amortisation of intangible assets	11	**865**	647
Impairment (reversal)/charge on non-current assets	5	**(4,242)**	3,376
Share-based payment charge/(credit)	22	**1,450**	(818)
Finance costs	7	**4,180**	4,195
Finance income	8	**(81)**	(355)
		49,975	31,558
Changes in working capital:			
Decrease in inventories	14	**879**	1,002
(Increase)/decrease in trade and other receivables	15	**(143)**	191
(Decrease)/increase in trade and other payables		**(9,141)**	26,715
Cash generated from operating activities		**41,570**	59,466
Interest paid	7	**(439)**	(215)
Income taxes paid		**(3,381)**	(1,595)
Net cash flow generated from operating activities		**37,750**	57,656
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(3,654)**	(2,694)
Payments to acquire intangible assets		**(855)**	(1,151)
Interest received	8	**81**	355
Net cash flow used in investing activities		**(4,428)**	(3,490)
Cash flows used in financing activities			
Dividends paid	21	**(1,133)**	(4,336)
Purchase of own shares	28	**(410)**	(5,180)
Sale of treasury shares	28	**35**	–
Interest paid on lease liabilities		**(3,741)**	(3,980)
Payment of capital element of leases		**(22,705)**	(16,054)
Proceeds from bank loan		**–**	12,000
Repayment of borrowings		**–**	(12,000)
Net cash flow used in financing activities		**(27,954)**	(29,550)
Net increase in cash and cash equivalents		**5,368**	24,616
Cash and cash equivalents at beginning of year		**82,282**	57,666
Cash and cash equivalents at end of year		**87,650**	82,282

Notes to the consolidated financial statements

1. General information

ScS Group plc (the 'Company') is a public limited company, limited by shares, which is listed on the London Stock Exchange, incorporated and domiciled in England, within the UK (Company registration number 03263435). The address of the registered office is 45-49 Villiers Street, Sunderland, SR1 1HA.

The Company's principal activity is to act as a holding company for its subsidiaries. The Company and its subsidiaries' (the 'Group's') principal activity is the provision of furniture and flooring, trading under the name ScS.

2. Accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006 for the 53 weeks ended 31 July 2021 (2020: 52 weeks ended 25 July 2020). In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the Group's financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Group's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated. They are prepared on the historical cost basis, except for share-based payments that have been measured at fair value.

The financial statements for the year have been prepared for the 53 weeks ended 31 July 2021 (2020: 52 weeks ended 25 July 2020). The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 July 2021. These policies have been consistently applied to all of the years presented, unless otherwise stated.

Going concern

At the time of approving the financial statements, the Board is required to formally assess that the business has adequate resources to continue in operational existence for the foreseeable future and as such can continue to adopt the 'going concern' basis of accounting.

Liquidity

The most significant factor in considering whether current resources are adequate is to consider the Group's liquidity. At 31 July 2021, the Group's cash balance totalled £87.7m, and £15.4m was owed as trade payables for goods delivered (note 16). The Group has no drawn down debt, and further liquidity is available through the £20.0m CLBILS revolving credit facility (RCF) granted on 25 August 2020. This facility is committed for a term of 36 months and would be renegotiated well in advance of this maturity date. The RCF is subject to certain covenants in respect of fixed charge cover, liquidity and leverage.

Cash flows

As part of the Group's ongoing review of going concern, the Directors have reviewed the results for the 12 months to 31 July 2021 and have modelled cash flow forecasts under the following scenarios:

- A 'base case' scenario to July 2024 that includes assumptions in relation to customer demand, the availability of product and the estimated continued impact of the recovery of the UK economy on the Group's performance. We assume no further lockdown periods or direct impact on our store and distribution operation. We expect order levels to return to those experienced pre-pandemic, and assume continued availability of product and no other significant impacts of COVID-19.
- A 'severe but plausible downside' sensitivity scenario which sees a further wave of COVID-19 during winter which requires a further UK lockdown. We have assumed stores are required to close for our key winter trading period – from Boxing Day until the end of January 2022, although distribution operations continue to be permitted. Stores re-open in February 2022, with a limited period of additional demand, although we have prudently assumed only a third of lost orders are recovered.

The Group has included within the severe but plausible model associated reductions in marketing, management and staff bonus costs and sales-related commission payments.

The government continues to provide government support through reduced business rates to 31 March 2022. The modelled scenarios include the benefit of the reduced business rates. No additional government or landlord support (such as a further extension of the furlough scheme) has been included to support the modelled scenarios.

Throughout the 'severe but plausible downside' scenario, the Group would have significant cash headroom, with the cash low point at the end of July 2022 still being substantial at £47.6m, before use of the £20m RCF. Furthermore, forecasts show sufficient headroom on all of the financial covenants and no requirement for any additional sources of financing (including any drawdown on the RCF).

Many of our large suppliers operate using credit insurance, which they use to support their payment terms with the Group. As these credit insurers are consistently reviewing their support for the companies involved a severe economic climate could mean that they withdraw their support for the Group. This could create working capital challenges for our suppliers, requiring them to request earlier payment dates. The Group has modelled the impact of the full withdrawal of this insurance, and noted that the cash headroom available ensures this does not pose a further risk to the Group's going concern basis.

For the reasons set out in detail above, the Board believe that it remains appropriate to prepare the Group financial statements on a going concern basis.

2. Accounting policies continued

New standards, amendments and interpretations

At the date of authorisation of these financial statements, new standards, amendments and interpretations which had been issued but were not yet mandatory are not expected to have a material impact on the consolidated financial statements.

The following accounting standards, interpretations and amendments have been adopted in the year:

– Amendments to IFRS 3	Definition of a Business
– Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform
– Amendments to IAS 1 and IAS 8	Definition of Material
– Amendments to IFRS 16 COVID-19	Related Rent Concessions
– Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

None of the items listed above have had any material impact on the amounts reported in this consolidated set of financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of ScS Group plc and the entities it controls (its subsidiaries) drawn up to within seven days of 31 July each year.

The financial year represents the 53 weeks ended 31 July 2021 (prior financial year 52 weeks ended 25 July 2020).

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Control is generally accompanied by a shareholding of more than one-half of the voting rights. The financial information of subsidiaries is included in the consolidated financial information from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-Group balances, and any gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial information. Gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

Exceptional items

Exceptional items are defined as items of income and expenditure which are material and unusual in nature and which are considered to be of such significance that they require separate disclosure on the face of the income statement. Any future movements on items previously classified as exceptional will also be classified as exceptional.

Gross sales and revenue

For the purposes of managing its business the Group focuses on gross sales, which is defined as the fair value of the consideration received or receivable, prior to any accounting adjustments for interest-free credit fees or aftercare product costs. The Board of Directors believe gross sales is a more transparent measure of the activity levels and performance of its showrooms and online channels as it is not affected by customer preferences on payment options. Accordingly, gross sales is presented in this Annual Report, in addition to statutory revenue, as an alternative performance measure, with a reconciliation between the two measures provided in note 3.

Both gross sales and revenue are stated net of discounts, returns and value added taxes, and are recognised when the Group has satisfied its performance obligations by transferring control of the goods or service to the customer, and the revenue and costs in respect of the transaction can be measured reliably and collectability is reasonably assured. This is deemed to be when the goods and any associated warranty contracts have been delivered to the customer. Warranty services, once sold, are subsequently provided by third parties. Revenue is measured net of the charges associated with interest-free credit sales.

The Group operates a negative working capital model whereby customers pay a deposit at the point of order and, unless the order is to be financed using consumer credit, settle outstanding balances before delivery. Payment of part of the consideration is often, therefore, taken before the Group has fulfilled its performance obligation. These deposits taken from customers are referred to as contract liabilities under IFRS 15, and are presented as payments received on account within current liabilities, until the goods or services are delivered. A very small number of deposits are refunded without delivery of product, and therefore, materially, the value of customer deposits will be realised within 12 months. Where the outstanding balance is settled subsequent to the delivery of goods via consumer credit, the full financed balance is received within two working days of delivery from our third-party finance providers, who are then responsible for collecting subsequent payments from the customer. There has been no significant changes to the methodology in recognising contract liabilities in the current year.

The Group holds a sales return provision in the Consolidated statement of financial position to provide for expected levels of returns on sales made before the year end but returned after the year end. The Group recognises the expected value of revenue relating to returns within sales provisions and the expected value of cost of sales relating to the returned items is included within inventories.

Segmental reporting

As noted in the gross sales and revenue note above, segments are reported in a manner consistent with the internal reporting to the Board of Directors (see note 3 – Segment information on page 115).

Notes to the consolidated financial statements continued

2. Accounting policies continued

Intangible assets

Intangible assets purchased separately are capitalised at cost and amortised on a straight-line basis over their useful economic life. The useful economic lives used are as follows:

Computer software	20-33% straight-line per annum

The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of the tangible fixed assets over their anticipated useful lives at the rates shown below:

Fixtures and fittings	10-20% straight-line per annum
Computer equipment	20-33% straight-line per annum
Leasehold improvements	The shorter of the term of the lease or 2% straight-line per annum
Freehold buildings	2% straight-line per annum

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. Typically, lease contracts relate to properties such as showrooms and distribution centres, and vehicles leases. For leases in which the Group is a lessee, the Group recognises a right-of-use asset and a lease liability at commencement of the lease.

The Group transitioned to IFRS 16 on 28 July 2019 using the modified retrospective transition approach. The cumulative impact of applying IFRS 16 was accounted for as an adjustment to retained earnings on the transition date.

Lease liabilities

The lease liability is measured at the present value of the lease payments, discounted at the lessee's incremental borrowing rate specific to the term and start date of the lease, unless the interest rate implicit in the lease can be readily determined. Lease payments include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the group under residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right-of-use asset, if there is a modification, a change in the lease term or a change in the fixed lease payments. Interest charges are included in finance costs in the consolidated income statement.

Right-of-use assets

The right-of-use asset is initially measured at cost, comprising:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the asset's useful life or the lease term. Depreciation on right-of-use assets is included in administrative costs in the consolidated income statement. The right-of-use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets and short-term leases of 12 months or less are expensed to the Group income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value and consist of finished goods held for resale. Where necessary, provision is made for obsolete, slow-moving and defective stocks. Cost comprises the purchase price of goods and other directly attributable costs incurred in bringing the product to its present location and condition. Net realisable value is the estimated selling price less any further costs to be incurred to disposal.

2. Accounting policies continued

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. As a requirement of applying IFRS 9, the Group has applied an expected credit loss (ECL) model when calculating impairment losses on its trade and other receivables. The majority of the trade receivables are due from finance houses with which there is a very low likelihood, and no previous history, of default, and therefore, there has been no material impact of the ECL model.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Cash and cash equivalents

For the purpose of presentation in the Consolidated statement of cash flows, cash and cash equivalents includes cash on hand.

Treasury shares

The Employee Benefit Trust (EBT) provides for the issue of shares to Group employees, principally under share option schemes. Shares in the Company held by the EBT are included in the balance sheet as treasury shares at cost, including any directly attributable incremental costs. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds and the original cost being taken to retained earnings. No gain or loss is recognised in the financial statements on transactions in treasury shares.

The number of such shares is also deducted from the number of shares in issue when calculating the earnings per share.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Pre-opening and launch costs

Pre-opening and launch costs are charged to the income statement in the year they are incurred.

Advertising expenditure

All routine and general advertising costs are expensed as incurred. Advertising costs paid to media companies are recognised as a prepayment until the advertising is placed in the media and communicated to the public, at which point the expenditure is expensed to the income statement.

Supplier contributions

Contributions received from suppliers towards the cost of displaying and promoting their product are recognised as a reduction in the advertising and marketing costs to which they relate.

Supplier rebates

Rebates receivable from suppliers are based upon the volume of business with each supplier and are recognised in the income statement in cost of sales or credited to stock as appropriate on an earned basis, by reference to the supplier revenue.

Pension costs

Contributions to the defined contribution scheme are charged to the income statement in the year in which they become payable. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Notes to the consolidated financial statements continued

2. Accounting policies continued

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes, to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Foreign currency

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the income statement in the period in which they arise.

Share-based payments

The Company operates an equity-settled, share-based payment plan for Directors of the trading subsidiary undertaking, A. Share & Sons Limited, which includes the Executive Directors of the Group. The fair value of the Directors' services received by the Group in exchange for the issue of shares in the Company is recognised as an expense in the financial statements of the subsidiary company to which services have been supplied. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares issued, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of shares that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Dividends

Interim dividends are recognised when they are paid to the Group's shareholders. Final dividends are recognised when they are approved by the Group's shareholders.

Provisions

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

Critical accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions in applying the Group's accounting policies to determine the reported amounts of assets, 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. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, with revisions to accounting estimates applied prospectively.

Discount rates utilised within IFRS 16 accounting has been removed as a critical accounting estimate following completion of the adoption of IFRS 16 'Leases'. This was added as a critical accounting estimate in the FY20 financial statements due to the significance of the liabilities (and corresponding right-of-use assets) which were brought on to the balance sheet on transition. This is no longer considered as a critical accounting estimate following the completion of the transition to IFRS 16 as the impact of the discount rate on lease additions and modifications during the year, and the level of estimation required in determining the discount rates, was not significant.

Going concern has been removed as a critical accounting judgement. Refer to page 110.

2. Accounting policies continued

Critical accounting estimates and assumptions

Management consider that accounting estimates and assumptions made in relation to the following items have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Stock provisions

The Group holds £17.3m of inventory at the year end, and the majority of this stock is held for display in our showrooms. Due to the nature of this stock, it will often be subject to the wear and tear associated with use in a showroom environment, and some items may have also been in our showroom for an extended period of time. As such, this stock is often unable to achieve the same margin as the 'special order' stock purchased and delivered directly to our customers, and may occasionally be sold at a level lower than cost following a business decision to refresh the range or better utilise the space. The Group's policy in relation to stock provisioning is, therefore, to provide for obsolete, slow-moving and defective stock, and therefore, ensure that stock is held at the most appropriate estimate of net realisable value.

In determining an estimate of this value, management has made judgements in respect of the quality of the Group's products and saleability, and applied a provision based on historic sales levels. Whilst management considers that the methodologies and assumptions adopted in the valuation are supportable, reasonable and robust, because of the inherent uncertainty of the sale price of stock currently held, those estimated values may differ from the final sale and the total differences could potentially be significant Impairment of property, plant and equipment and right-of-use assets.

Impairment of property, plant and equipment and right-of-use assets

Management consider each showroom to be a cash-generating unit (CGU). At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication of impairment at a showroom following poor performance. 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.

Recoverable amounts for CGUs are the higher of fair value less costs of disposal, and value in use. Value in use is calculated from cash flow projections based on the Group's internal budgets, which are then extrapolated over the remaining showroom lease length, and management's expectations of estimated growth rates.

The key estimates for the value in use calculations are those regarding the discount rate used and expected changes to future cash flows. Management sets the budgets based on past experiences and expectations of future changes in the market and estimates discount rate using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs, deriving from the Group's post-tax weighted average cost of capital. Management have considered the potential impact of changes in assumptions on the impairment in note 5. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised as income immediately.

3. Segment information

The Directors have determined the operating segments based on the operating reports reviewed by the Operating Board (the Executive Directors and the other Directors of the trading subsidiary, A. Share & Sons Limited) that are used to assess both performance and strategic decisions. The Directors have identified that the Operating Board are the chief operating decision makers in accordance with the requirements of IFRS 8 'Segmental reporting'.

The Directors consider that the Group operates one type of business generating gross sales and revenue from the retail of furniture and flooring. All gross sales and revenue profit before taxation, assets and liabilities are attributable to the principal activity of the Group and other related services. All gross sales and revenues are generated in the United Kingdom.

An analysis of gross sales and revenue is as follows:

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Sale of goods	**301,327**	249,578
Associated sale of warranties	**23,192**	18,541
Gross sales	**324,519**	268,119
Less: costs of interest-free credit	**(13,953)**	(12,628)
Revenue	**310,566**	255,491

Of which:		
Furniture	**280,926**	226,112
Flooring	**29,640**	29,379
Revenue	**310,566**	255,491

Notes to the consolidated financial statements continued

4. Operating profit

Operating profit is stated after charging/(crediting):

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Fees payable to the Company auditors for the audit of Company and consolidated financial statements	**30**	25
Fees payable to the Company's auditors and their associates for other services to the Group		
– audit of the Company's subsidiaries pursuant to legislation	**177**	97
– other services (see Audit Committee report on page 80 for further information)	**20**	15
Depreciation of property, plant and equipment – owned	**3,980**	4,847
Depreciation of right-of-use assets	**21,149**	22,787
Amortisation of intangible assets	**865**	647
Impairment (reversal)/charge of property, plant and equipment and right-of-use assets	**(4,242)**	3,376
COVID-19-related rent concessions	**–**	(615)

During the year, the Group received the benefit of support from the UK government of £10.2m in response to the COVID-19 outbreak. This benefit relates to retail business rates relief. The Group also received £3.0m under the UK government's Coronavirus Job Retention Scheme which was paid in respect of employees on furlough and recognised as grant income. Following the strong trading on reopening of our showrooms, the Group took the decision to repay the £3.0m CJRS payment in full.

In the prior year, the Group received support from the UK government of £8.4m in response to the COVID-19 outbreak. This included £5.0m under the UK government's Coronavirus Job Retention Scheme which was paid in respect of employees on furlough and was recognised as a grant in accordance with the accounting policy set out in note 2. The remaining £3.4m was benefit from retail business rates relief.

5. Operating exceptional items included within administrative expenses

In order to provide a clearer understanding of underlying profitability, underlying operating profit excludes exceptional items, which relate to costs that, either by their size or nature, require separate disclosure in order to give a fuller understanding of the Group's financial performance. Exceptional items, booked to operating costs, comprised the following:

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Impairment reversal/(charge)	**4,242**	(3,376)
Restructuring costs	**–**	(613)
	4,242	(3,989)

Impairment reversal/(charge)

Current year exceptional items include a credit of £4,242,000 which relates to the reversal of previous impairment to the Group's stores. The majority of the current year credit reverses the impairment taken in the prior year as a consequence of reduced forecasts following the impact of COVID-19, with an additional element reversing historic store impairment following stronger forecast store performance as a result of encouraging trading and increased opportunities in our markets. This has been split between the right-of-use asset (£2,932,000) and tangible assets (£1,310,000), apportioned based on net book value.

Management have considered the potential impact of changes in assumptions on the impairment recorded against the Group's network of store cash-generating units. While there is not a significant risk of an adjustment to the carrying amount of any one store cash-generating unit that would be material to the Group as a whole in the next financial year, management have considered sensitivities to the impairment charge as a result of changes to the post-tax discount rate. The discount rate used in management's calculation was 8.7%. The sensitivities applied are an increase or decrease of 1.0% used to determine the impairment reversal. It is estimated that a 1.0% decrease/increase in discount rate assumptions, with no change to forecast revenue assumptions, would result in a £320,000 increase/£322,000 decrease in the impairment reversal of store assets in the 53 weeks to 31 July 2021.

In the prior year, exceptional costs disclosed of £3,376,000 related to an impairment charge being recognised on the assets associated with a number of our showrooms. This was split between the right-of-use asset (£2,619,000) and tangible assets (£757,000), apportioned based on net book value.

Restructuring costs

In the prior year, exceptional costs disclosed of £613,000 were in relation to amounts payable for loss of office incurred as a result of restructuring, predominantly relating to the centralisation of administrative support from each of our individual showrooms to our head office in Sunderland.

6. Employees and Directors

6.1 Staff costs

The aggregate remuneration of all employees including Directors comprises:

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Wages and salaries	**57,150**	47,281
Social security costs	**5,696**	4,532
Other pension costs	**1,306**	1,235
Share-based payment charge/(credit) (note 22)	**1,450**	(818)
	65,602	52,230

The Group received £3.0m (2020: £5.0m) under the UK government's Coronavirus Job Retention Scheme to offset against the gross wages and salaries costs disclosed above. The amounts received in relation to the current year were subsequently repaid.

The average monthly number of employees (including Executive Directors) during the year was as follows:

	53 weeks ended 31 July 2021	52 weeks ended 25 July 2020
Sales	**750**	681
Office and managerial	**572**	525
Services and warehousing	**499**	466
Cleaning	**34**	35
Total	**1,855**	1,707

Details of Directors' remuneration, share options, long-term incentive schemes and pension entitlements are disclosed in the Remuneration Report on pages 81 to 90.

6.2 Key management compensation

Key management comprises the Directors of the trading subsidiary, A. Share & Sons Limited and the Group Directors and excludes the Non-Executive Directors.

The key management compensation is as follows:

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Short-term employee benefits	**3,465**	1,349
Deferred contribution pension cost	**200**	209
Share-based payment charge/(credit)	**1,450**	(818)

Further detail on the above can be found in the Remuneration Report along with details of shares exercised by the highest paid Director.

The share-based payment charge in the year of £1,450,000 relates to the Group's improved trading performance against the EPS targets under the Group's Long-Term Incentive Plan as set out in note 22.

The share-based payment credit in the prior year of £818,000 relates to the unwinding of expenses previously recognised due to EPS for the Group falling below the minimum performance conditions.

7. Finance costs

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Bank facility renewal fees	**19**	55
Bank facility non-utilisation fees	**396**	63
Bank facility utilisation fees	**–**	97
Other finance costs	**24**	–
Interest on lease liability	**3,741**	3,980
	4,180	4,195

Notes to the consolidated financial statements continued

8. Finance income

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Bank interest received	**81**	355

9. Taxation

(a) Analysis of tax charge/(credit) in the year

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Current tax:		
UK corporation tax on profits for the year	**4,385**	(459)
Adjustments in respect of prior years	**527**	(255)
Total current tax charge/(credit)	**4,912**	(714)
Deferred tax:		
Origination and reversal of temporary differences	**(608)**	(284)
Adjustments in respect of prior years	**(694)**	100
Total deferred tax credit (note 18)	**(1,302)**	(184)
Income tax charge/(credit) in the Consolidated statement of comprehensive income	**3,610**	(898)

(b) Factors affecting tax charge/(credit) for the year

The tax charge (2020: credit) assessed on the profit (2020: loss) for the year is lower (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Profit/(loss) before taxation	**22,674**	(3,121)
Profit/(loss) before tax at 19.00% (2020: 19.00%)	**4,308**	(593)
Effects of:		
Other expenses deductible/(not deductible)	**281**	(146)
Depreciation and impairment eligible/(not eligible) for tax purposes	**(167)**	161
Amounts in relation to share options	**(373)**	(112)
Adjustments in respect of prior years	**(167)**	(155)
Impact of changes in tax rates	**(272)**	(53)
Income tax charge/(credit) in the Consolidated statement of comprehensive income	**3,610**	(898)

(c) Factors that may affect future tax charges

The UK government in its 2021 Budget announced that the main UK corporate rate would be maintained at 19% until 31 March 2023, before being increased to 25% from 1 April 2023. These changes were substantively enacted at the balance sheet date, 31 July 2021, and hence, have been reflected in the measurement of deferred tax balances resulting in deferred tax being calculated using an effective rate of 22%.

10. Earnings/(loss) per share

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
a) Basic earnings/(loss) per share attributable to the ordinary equity holders of the Company		
Basic earnings per share from underlying operations	**41.3p**	2.6p
From exceptional costs	**9.1p**	(8.4p)
Total basic earnings/(loss) per share	**50.4p**	(5.8p)
b) Diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company		
Diluted earnings per share from underlying operations	**39.8p**	2.6p
From exceptional costs	**8.8p**	(8.4p)
Total diluted earnings/(loss) per share	**48.6p**	(5.8p)

	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
c) Reconciliations of earnings used in calculating earnings/(loss) per share		
Profit/(loss) from operations	**19,064**	(2,223)
– (Deduct)/add back exceptional costs net of tax	**(3,436)**	3,231
Total profits from underlying operations	**15,628**	1,008

	53 weeks ended 31 July 2021 number	52 weeks ended 25 July 2020 number
d) Weighted average number of shares used as the denominator		
Weighted average number of shares in issue for the purposes of basic earnings/(loss) per share	**37,828,902**	38,464,470
Effect of dilutive potential ordinary shares:		
– Share options	**1,435,066**	1,598,815
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**39,263,968**	40,063,285

A total of 1,598,815 potential ordinary shares were not included within the calculation of diluted earnings per share as at 25 July 2020 as they were antidilutive.

Notes to the consolidated financial statements continued

11. Intangible assets

	Computer software
Cost	
At 26 July 2020	**8,256**
Additions	**750**
Disposals	**(361)**
At 31 July 2021	**8,645**
Accumulated amortisation	
At 26 July 2020	**5,898**
Charge for the year	**865**
Depreciation on disposals	**(361)**
At 31 July 2021	**6,402**
Net book amount	
At 31 July 2021	**2,243**
At 25 July 2020	**2,358**

	Computer software
Cost	
At 28 July 2019	6,893
Additions	1,363
At 25 July 2020	8,256
Accumulated amortisation	
At 28 July 2019	5,251
Charge for the year	647
At 25 July 2020	5,898
Net book amount	
At 25 July 2020	2,358
At 27 July 2019	1,642

Amortisation is charged through the administration expenses line.

12. Property, plant and equipment

	Freehold land and buildings £'000	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 26 July 2020	159	54,073	4,664	32,637	91,533
Additions	–	1,170	495	2,177	3,842
Disposals	–	(71)	(156)	(139)	(366)
At 31 July 2021	**159**	**55,172**	**5,003**	**34,675**	**95,009**
Accumulated depreciation and impairment					
At 26 July 2020	99	41,871	3,975	28,379	74,324
Charge for the year	3	2,505	547	925	3,980
Depreciation on disposals	–	(71)	(156)	(139)	(366)
Impairment reversal	(2)	(759)	(71)	(478)	(1,310)
At 31 July 2021	**100**	**43,546**	**4,295**	**28,687**	**76,628**
Net book amount					
At 31 July 2021	**59**	**11,626**	**708**	**5,988**	**18,381**
At 25 July 2020	60	12,202	689	4,258	17,209
Cost					
At 28 July 2019	159	53,704	4,357	31,085	89,305
Additions	–	369	307	1,552	2,228
At 25 July 2020	**159**	**54,073**	**4,664**	**32,637**	**91,533**
Accumulated depreciation and impairment					
At 28 July 2019	94	38,326	3,260	26,560	68,240
Opening IFRS 16 impairment adjustment	1	284	24	171	480
Charge for the year	3	2,806	654	1,384	4,847
Impairment	1	455	37	264	757
At 25 July 2020	**99**	**41,871**	**3,975**	**28,379**	**74,324**
Net book amount					
At 25 July 2020	**60**	**12,202**	**689**	**4,258**	**17,209**
At 27 July 2019	65	15,378	1,097	4,525	21,065

The net book value of leasehold improvements is as follows:

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Short leaseholds (up to 25 years)	**11,571**	12,144
Long leaseholds (greater than 25 years)	**55**	58
	11,626	12,202

Impairment of property, plant and equipment

All showrooms have been tested for impairment as at the year end. The impairment review compared the value in use of each CGU based on the Group's latest budget and forecast cash flows to the carrying values as at 31 July 2021. A reversal of £1,310,000 as a result of improved future projections for the business, was recorded against property, plant and equipment and was recognised as an exceptional item (see note 5).

As disclosed in the accounting policies (note 2), the cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to a further impairment charge or reversal.

Notes to the consolidated financial statements continued

13. Leases

This note provides information for leases where the Group is a lessee. The Group leases retail, distribution and office properties and motor vehicles. The leases have varying terms which are negotiated on an individual basis and contain a range of different terms and conditions.

Consolidated statement of financial position

The Consolidated statement of financial position as at 31 July 2021 shows the following amounts relating to leases.

Right-of-use assets

	Leasehold property £'000	Motor vehicles £'000	Total £'000
Cost			
At 26 July 2020	137,675	5,808	143,483
Additions[1]	1,127	1,221	2,348
Disposals	–	(427)	(427)
At 31 July 2021	**138,802**	**6,602**	**145,404**
Accumulated depreciation			
At 26 July 2020	23,478	1,506	24,984
Charge for the year	19,220	1,929	21,149
Depreciation on disposals	–	(427)	(427)
Impairment reversal (note 5)	(2,932)	–	(2,932)
At 31 July 2021	**39,766**	**3,008**	**42,774**
Net book amount			
At 31 July 2021	**99,036**	**3,594**	**102,630**
At 25 July 2020	114,197	4,302	118,499

	Leasehold property £'000	Motor vehicles £'000	Total £'000
Cost			
At 28 July 2019	122,970	3,317	126,287
Additions[1]	14,705	2,913	17,618
Disposals	–	(422)	(422)
At 25 July 2020	**137,675**	**5,808**	**143,483**
Accumulated depreciation			
At 28 July 2019	–	–	–
Charge for the year	20,859	1,928	22,787
Depreciation on disposals	–	(422)	(422)
Impairment (note 5)	2,619	–	2,619
At 25 July 2020	**23,478**	**1,506**	**24,984**
Net book amount			
At 25 July 2020	**114,197**	**4,302**	**118,499**

1. Right-of-use asset additions include new leases. lease renewals and increases in term and/or scope for existing leases.

Impairment of right-of-use assets

All showrooms have been tested for impairment as at the year end. The impairment review compared the value in use of each CGU based on the Group's latest budget and forecast cash flows to the carrying values as at 31 July 2021. A reversal of £2,932,000 as a result of improved future projections for the business, was recorded against property, plant and equipment and was recognised as an exceptional item (see note 5).

As disclosed in the accounting policies (note 2), the cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to a further impairment.

Lease liabilities

The following tables show the discounted lease liabilities included in the Group Consolidated statement of financial position and a maturity analysis of the contractual undiscounted lease payments:

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Current	**22,693**	24,167
Non-current	**93,368**	112,253
	116,061	136,420

13. Leases (continued)

Maturity analysis – contractual undiscounted lease payments:

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Group		
Within one year	**25,784**	28,010
Within two to five years	**72,591**	81,366
After five years	**29,101**	41,132
Total undiscounted lease payments	**127,476**	150,508

The Group presents lease liabilities separately in the consolidated balance sheet.

Consolidated statement of comprehensive income

The Group has recognised depreciation and interest costs in respect of leases, rather than rental charges of £25,609,000. During the year, the Group recognised £21,149,000 of depreciation charges and £3,741,000 of interest costs in respect of these leases. Leases of low value assets and short-term leases of 12 months or less are expensed to the Group income statement.

14. Inventories

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Finished goods	**17,328**	18,207

The cost of inventories before cash discounts and volume rebates, as an expense and included in cost of sales relating to continued operations amounted to £164,795,000 (2020: £138,663,000).

Inventories include a provision of £3,213,000 (2020: £2,894,000). Write-downs of inventories to net realisable value amounted to £874,000 (2020: £640,000). These were recognised as an expense during the period and were included in cost of sales in the Consolidated statement of comprehensive income.

15. Trade and other receivables

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Trade receivables	**808**	1,577
Other receivables	**1,859**	1,948
Prepayments	**2,280**	1,279
	4,947	4,804

The fair value of trade and other receivables is approximate to their carrying value. Trade and other receivables are considered due once they have passed the contracted due date.

The carrying amounts of trade and other receivables are all denominated in Sterling.

The majority of the trade receivables are due from third-party finance providers with which there is a very low likelihood, and no previous history, of default, and therefore, there has been no material impact of the Group's expected credit loss model.

The bad debt provision is not considered material for disclosure.

16. Trade and other payables – current

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Trade payables	**15,369**	20,638
Payments received on account	**36,955**	34,592
Other taxation and social security payable	**6,175**	12,834
Accruals	**13,319**	13,105
	71,818	81,169

The fair value of financial liabilities approximates their carrying value due to short maturities. Financial liabilities are denominated in Sterling.

Payments received on account represent deposits taken from customers at the point of order and in advance of the Group fulfilling its performance obligations to provide goods and services for customer orders. They will be realised in the next 12 months. The brought forward balance of payments received on account was recognised as revenue during the year.

Notes to the consolidated financial statements continued

17. Trade and other payables – non-current

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Accruals	**–**	137
	–	137

18. Deferred tax asset

The Group's movements in deferred taxation during the current financial year and previous year are as follows:

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Opening deferred tax asset/(liability)	**722**	(452)
Adjustment on initial application of IFRS 16	**–**	990
Opening deferred tax asset (restated)	**722**	538
Adjustments in respect of prior years	**694**	(100)
Credited to profit and loss account arising from the origination and reversal of temporary differences (note 9)	**608**	284
Closing deferred tax asset	**2,024**	722

Deferred taxation has been fully recognised/provided for in respect of:

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Accelerated capital allowances	**(407)**	(407)
Losses	**1,145**	284
Other timing differences	**477**	43
Capital gains held over	**(157)**	(135)
Adjustment on initial application of IFRS 16	**966**	937
Closing deferred tax asset	**2,024**	722

The deferred tax assets include an amount of £1,145,000 which relates to carried-forward tax losses. The group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The Group expects to continue generating taxable income. The losses can be carried forward indefinitely and have no expiry date. There is £33,000 of historic unused losses in the Group's none trading subsidiaries which have not been recognised due uncertainty that there will be eligible taxable income to offset the losses against. Deferred tax assets are expected to be utilised in more than 12 months from the 31 July 2021.

19. Provisions

	Property obligations £'000	Total £'000
At 26 July 2020	**1,209**	**1,209**
Provisions made during the year	434	434
At 31 July 2021	**1,643**	**1,643**

Property provisions relate to an estimate of dilapidation and decommissioning costs based on anticipated lease expiries and renewals. These provisions are expected to be utilised at the end of each specific lease.

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Current	**488**	125
Non-current	**1,155**	1,084
	1,643	1,209

20. Share capital and share premium

	Number of shares	Ordinary shares £'000	Share premium £'000	Total £'000
As at 31 July 2021 and 25 July 2020	38,012,655	38	16	54

Authorised, allotted and fully paid share capital is 38,012,655 of £0.001 each (2020: 38,012,655 of £0.001 each).

21. Dividends

An interim dividend of 3.0p (2020: £nil) per ordinary share was declared by the Board of Directors on 16 June 2021. The strength of the Group's balance sheet, coupled with the robust trading experienced since showrooms re-opened in April 2021, provided the Board with the confidence to recommence dividends and as such a final dividend of 9.0p (2020: £nil) has been proposed and, if approved, will be recorded within the financial statements for the year ended 30 July 2022.

22. Share-based payments

The Group operates equity-settled share schemes for certain employees that are intended to act as a long-term incentive to help retain key employees and Directors who are considered important to the success of the business.

Post-admission incentive arrangements

The ScS Group plc Long-Term Incentive Plan (LTIP) was adopted on 21 January 2015. The LTIP allows for various types of awards and the following grants over shares in ScS Group plc have been made:

(i) £Nil cost options conditional on the IPO taking place (approved on 21 January 2015).
(ii) Market value options under an HMRC approved Company Share Option Plan (CSOP) conditional on the IPO taking place (approved on 21 January 2015).
(iii) Unapproved market value options conditional on the IPO taking place (approved on 21 January 2015).
(iv) Performance-based £nil cost options granted on 30 March 2015 (the performance condition is based on EPS as set out in the consolidated audited financial statements of the Group for 2017). As the EPS for the Group was lower than the performance condition set, these awards were forfeited as at 28 July 2018.
(v) Performance-based £nil cost options granted on 17 October 2016 (the performance condition is based on EPS as set out in the consolidated audited financial statements of the Group for the financial year ended 27 July 2019). As the EPS for the Group was higher than the minimum performance condition set, a proportion of these options were awarded as at 25 July 2020.
(vi) Performance-based £nil cost options granted on 16 October 2017 (the performance condition is based on EPS as set out in the consolidated audited financial statements of the Group for the financial year ended 25 July 2020). As the EPS for the Group was lower than the minimum performance condition set, these options lapsed as at 31 July 2021.
(vii) Performance-based £nil cost options granted on 15 October 2018 (the performance condition is based on EPS as set out in the consolidated audited financial statements of the Group for the financial year ended 31 July 2021).
(viii) Performance-based £nil cost options granted on 14 October 2019 (the performance condition is based on EPS as set out in the consolidated audited financial statements of the Group for the financial year ended 30 July 2022).
(ix) Performance-based £nil cost options granted on 12 October 2020 (the performance condition is based on EPS as set out in the consolidated audited financial statements of the Group for the financial year ended 29 July 2023).

Fair value of awards

The awards granted have been valued using the Black-Scholes model. No performance conditions were included in the fair value calculations.

The expected life is the estimated time period to exercise. The expected volatility is calculated by reference to the historic volatility of the Group from the period between admission and the date of grant and historic volatilities of comparator companies measured over a period commensurate with the expected life. The dividend yield is based on the target dividend yield set at IPO (with the exception of awards that give an entitlement to receive dividend equivalents). The risk-free interest rate is the yield on UK government bonds of a term consistent with the expected life. The level of vesting is estimated at the balance sheet date and will be trued up until the vesting date.

	LTIP (pre-IPO nil cost options)		LTIP (CSOP market value options)		2019, 2020 and 2021 LTIP (Directors' awards)		LTIP (all awards)	
	Share awards	Average exercise price	Share awards	Average exercise price	Share awards	Average exercise price	Share awards	Average exercise price
Outstanding as at 28 July 2019	22,857	£0.000001	47,513	£1.75	1,492,630	£0.000001	1,563,000	£0.05
Granted	–	–	–	–	562,340	£0.000001	562,340	£0.000001
Forfeited	–	£0.000001	–	–	(258,226)	£0.000001	(258,226)	£0.000001
Exercised	(22,857)	£0.000001	–	–	(245,442)	£0.000001	(268,299)	£0.000001
Outstanding as at 25 July 2020	–	–	47,513	£1.75	1,551,302	£0.000001	1,598,815	£0.05
Granted	–	–	–	–	627,163	£0.000001	627,163	£0.000001
Lapsed	–	–	–	–	(452,004)	£0.000001	(452,004)	£0.000001
Forfeited	–	–	–	–	(319,047)	£0.000001	(319,047)	£0.000001
Exercised	–	–	(19,861)	£1.75	–	£0.000001	(19,861)	£1.75
Outstanding as at 31 July 2021	–	–	27,652	£1.75	1,407,414	£0.000001	1,435,066	£0.033
Exercisable at 31 July 2021	–	–	27,652	£1.75	–	–	27,652	£1.75
Exercisable at 25 July 2020	–	–	47,513	£1.75	–	–	47,513	£1.75

Note: Weighted average share price for all LTIP awards during the year.

Notes to the consolidated financial statements continued

22. Share-based payments continued

Fair value of awards continued

As at 31 July 2021, 562,597 of the outstanding LTIP share options relate to the 2018 LTIP, which vested as at the year end date. Due to the Group's EPS being higher than the minimum target set, a proportion of these options will be awarded. Further information on the LTIP is available in the Directors' Remuneration report on page 86.

The fair value of share options issued and the assumptions used in the calculation are as follows:

	2015	2015	2017	2018	2019	2020	2021
Grant date	21 January 2015	21 January 2015	17 October 2016	16 October 2017	15 October 2018	14 October 2019	**12 October 2020**
Share price at grant date	£1.75	£1.75	£1.83	£1.75	£2.23	£2.36	**£2.00**
Exercise price	£nil	£1.75	£nil	£nil	£nil	£nil	**£nil**
Number of employees	25	6	6	8	8	7	**6**
Shares issued	571,421	68,659	474,125	554,141	672,848	562,340	**627,163**
Expected volatility	33.7%	36.2%	–[1]	–[1]	–[1]	–[1]	**–[1]**
Expected life (years)	3	5	3	3	3	3	**3**
Risk-free interest rate	0.70%	1.06%	–[1]	–[1]	–[1]	–[1]	**–[1]**
Expected dividend yield	8%	8%	–[1]	–[1]	–[1]	–[1]	**–[1]**
Fair value per share	£1.38	£0.24	£1.83	£1.75	£2.23	£2.36	**£2.00**
Actual/estimated vesting	100%	100%	56%	0%	89%	33%	**46%**

1. LTIP participants are entitled to receive dividend equivalents on unvested awards, and therefore, dividend yield does not impact the fair value calculation. Furthermore, volatility and risk-free rates do not impact the fair value calculation for awards with no exercise price or market-based performance conditions.

The total charge for the year relating to employee share-based payment plans was £1,450,000 (2020: credit of £818,000) which is in relation to equity-settled share-based payment transactions. There are no liabilities arising from share-based payment transactions.

23. Capital commitments

Capital commitments contracted for but not provided amounted to £nil (2020: £480,000).

24. Pension commitments

The Group operates several defined contribution pension schemes for the benefit of its staff. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension charges represent contributions payable by the Group to these funds and are shown in note 6. Amounts outstanding at the year end were £211,000 (2020: £227,000) and are held in accruals.

25. Financial instruments – risk management

Financial risk management policy

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to provide funds for the Group's operations. The Group has other financial instruments being trade receivables, trade payables and lease liabilities that arise directly from its operations.

It is, and has been, under review throughout the year, the Group's policy that no trading in financial instruments shall be undertaken. The Group has not entered into derivative transactions during the years under review. The Group does not undertake any speculative transactions and continues to pursue prudent treasury policies by investing surplus funds only with reputable UK financial institutions.

Credit risk

The finance for all the Group's credit sales is provided from external financing companies who bear the whole risk of customer defaults on repayment. The Group's financial assets which are past due and not impaired are deemed not material for disclosure. The remaining balance is deemed fully recoverable due to the use of finance houses to mitigate the risk of recoverability. There have been no gains/losses on financial liabilities.

Cash and deposits are invested with Lloyds Bank plc.

Liquidity risk

The Group's exposure to liquidity risk is low, as historically, working capital requirements have been funded entirely by self-generated cash flow.

At 31 July 2021, the Group's cash balance totalled £87.7m, and £15.4m was owed as trade payables for goods delivered. The Group has no drawn down debt, and further liquidity is available through the £20.0m CLBILS revolving credit facility (RCF) granted on 25 August 2020. This facility is committed for a term of 36 months and would be renegotiated well in advance of this maturity date. The RCF is subject to certain covenants in respect of fixed charge cover, liquidity, leverage and capital spending.

Financial instruments by category

Financial assets and liabilities are classified in accordance with IFRS 9. No financial instruments have been reclassified or derecognised in the year. There are no financial assets which are pledged or held as collateral. The Group does not hold any financial assets or liabilities held as fair value through the income statement, defined as being in a hedging relationship or any available for sale financial assets.

25. Financial instruments – risk management (continued)

Financial instruments by category (continued)

The Group's main financial assets comprise cash and cash equivalents and trade receivables (note 15) arising from the Group's activities. These financial assets all meet the conditions to be recognised at amortised cost under IFRS 9.

Other than trade and other payables (note 16) and lease liabilities (note 13), the Group had no financial liabilities within the scope of IFRS 9 as at 31 July 2021 (2020: £nil). Balances within trade and other payables will mature within one year and lease liabilities are measured at amortised cost.

The fair value of the Group's financial assets and liabilities is not materially different from their carrying values. Financial assets and liabilities comprise principally of trade receivables and trade payables and the only interest-bearing balances are the bank deposits and borrowings which attract interest at variable rates.

Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and retain financial flexibility to provide returns for shareholders and benefits for other stakeholders. The Group considers capital to be equity and cash. Equity and cash are disclosed in the Consolidated statement of financial position.

The Group manages its capital through continued focus on free cash flow generation and setting the level of capital expenditure and dividend in the context of the current period and forecast free cash flow.

26. Related parties

Holdings in subsidiaries and any relevant related party transactions are disclosed in the Company financial statements in note 5. Only ScS Furnishings Limited and the ScS Group plc Employee Benefit Trust are not included in the consolidation on the grounds of materiality.

27. Contingent liabilities

The subsidiary undertakings of the Group are party to a debenture with Lloyds Bank plc which grants fixed and floating charges over the assets of each subsidiary undertaking.

28. Treasury share reserve

	£'000
As at 28 July 2019	91
Purchase of own shares	754
Transfer to retained earnings	(663)
As at 25 July 2020	**182**
Purchase of own shares	410
Sale of treasury shares	(43)
As at 31 July 2021	**549**

During the financial year, the Group's Employee Benefit Trust purchased 200,000 ordinary shares of £0.001 each in the Group at an average price of 204.4 pence per ordinary share for the purpose of satisfying management share incentive awards. Subsequently, 19,861 of these shares were used to satisfy awards, with the remainder held as treasury shares. As at 31 July 2021 the Group holds 257,414 of its own ordinary shares of 0.1 pence each in the Group at an average purchase price of 213.4 pence.

During the prior year, the Group's Employee Benefit Trust purchased 324,582 ordinary shares of £0.001 each in the Group at an average price of 232.2 pence per ordinary share for the purpose of satisfying management share incentive awards. 290,025 of these shares had been used to satisfy awards, with the remainder held as treasury shares. As at 25 July 2020 the Group held 77,275 of its own ordinary shares of 0.1 pence each in the Group at an average purchase price of 234.9 pence.

29. Net debt

	Year ended 31 July 2021 £'000	Year ended 25 July 2020 £'000
Cash and cash equivalents	**87,650**	82,282
Lease liabilities	**(116,061)**	(136,420)
Net debt	**(28,411)**	(54,138)

As a result of the adoption of IFRS 16, the Group is in a net debt position due to the recognition of a lease liability.

The change in lease liabilities from £136,420,000 to £116,061,000 was a result of £3,741,000 interest charged, £26,448,000 principal repayments and additions of £2,348,000.

Company statement of financial position
As at 31 July 2021

	Note	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Non-current assets			
Investments	5	**70,000**	70,000
Total non-current assets		**70,000**	70,000
Current assets			
Trade and other receivables	6	**35**	27
Deferred tax asset	7	**442**	149
Cash at bank and in hand		**–**	–
Total current assets		**477**	176
Total assets		**70,477**	70,176
Current liabilities			
Trade and other payables	8	**14,196**	12,563
Total current liabilities		**14,196**	12,563
Total liabilities		**14,196**	12,563
Capital and reserves			
Called-up share capital	9	**38**	38
Share premium account	9	**16**	16
Capital redemption reserve		**15**	15
Treasury share reserve	12	**(549)**	(182)
Retained earnings		**56,761**	57,726
Total shareholders' funds		**56,281**	57,613
Total equity		**56,281**	57,613
Total equity and liabilities		**70,477**	70,176

The notes on pages 131 to 133 form an integral part of these financial statements.

The total comprehensive income for the year included within the financial statements of the Company is £176,000 (2020: £3,612,000).

The financial statements on pages 128 to 133 were approved by the Board and authorised for issue on 4 October 2021 and signed on its behalf by:

Steve Carson
Chief Executive Officer

Company statement of changes in equity
For the year ended 31 July 2021

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Treasury reserve £'000	Retained earnings £'000	Total equity £'000
At 28 July 2019	40	16	13	(91)	63,538	63,516
Profit and total comprehensive income	–	–	–	–	3,612	3,612
Purchase of own shares	–	–	–	–	(4,425)	(4,425)
Cancellation of repurchased shares	(2)	–	2	–	–	–
Treasury shares (note 12)	–	–	–	(91)	(663)	(754)
Dividends paid (note 10)	–	–	–	–	(4,336)	(4,336)
At 25 July 2020	**38**	**16**	**15**	**(182)**	**57,726**	**57,613**
At 26 July 2020	**38**	**16**	**15**	**(182)**	**57,726**	**57,613**
Profit and total comprehensive income	–	–	–	–	176	176
Purchase of treasury shares (note 12)	–	–	–	(410)	–	(410)
Sale of treasury shares (note 12)	–	–	–	43	(8)	35
Dividend paid (note 10)	–	–	–	–	(1,133)	(1,133)
At 31 July 2021	**38**	**16**	**15**	**(549)**	**56,761**	**56,281**

Company statement of cash flows
As at 31 July 2021

	Note	53 weeks ended 31 July 2021 £'000	52 weeks ended 25 July 2020 £'000
Cash flows from operating activities			
(Loss)/profit before taxation		**(117)**	3,463
Changes in working capital:			
Increase in trade and other receivables	6	**(8)**	(23)
Increase in trade and other payables	8	**1,633**	6,076
Cash generated from operations		**1,508**	9,516
Net cash flow generated from operating activities		**1,508**	9,516
Net cash flow used in investing activities		**–**	–
Cash flows used in financing activities			
Dividends paid	10	**(1,133)**	(4,336)
Purchase of own shares		**(410)**	(5,180)
Sales of own shares		**35**	–
Net cash flow used in financing activities		**(1,508)**	(9,516)
Net increase in cash and cash equivalents		**–**	–
Cash and cash equivalents at beginning of year		**–**	–
Cash and cash equivalents at end of year		**–**	–

Notes to the company financial statements
For the year ended 31 July 2021

1. General information
ScS Group plc (the 'Company') is a company limited by shares incorporated and domiciled in England, within the UK (Company registration number 03263435). The address of the registered office is 45-49 Villiers Street, Sunderland, SR1 1HA. The Company's principal activity is to act as a holding company for its subsidiaries, and its shares are listed on the London Stock Exchange (LSE).

2. Accounting policies
The principal accounting policies applied in the preparation of these financial statement are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance with FRS 101
These financial statements were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Company meets the definition of a qualifying entity under FRS 100, 'Application of Financial Reporting Requirements' as issued by the Financial Reporting Council.

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of ScS Group plc.

Going concern
The Company is the ultimate holding company to a group which is highly cash generative, and which holds sufficient medium and long-term facilities in place to enable it to meet its obligations as they fall due. The Directors are, therefore, satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

Further information on the Group's going concern and ongoing viability is provided in note 2 of the Group financial statements.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. However, due to the nature of the Company, we do not consider there to be any critical accounting estimates or judgements made in the preparation of these financial statements.

Capital management
The Company follows the same capital management as the Group – see page 127 in the Group financial statements.

New standards, amendments and interpretations
For the latest amendments and interpretations, please refer to page 111 in the Group financial statements.

Fixed asset investments
Fixed asset investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment.

Trade receivables
Trade receivables for the Company refer to prepayments made for services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Treasury shares
The Employee Benefit Trust (EBT) provides for the issue of shares to Group employees, principally under share option schemes. Shares in the Company held by the EBT are included in the balance sheet as treasury shares at cost, including any directly attributable incremental costs. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds and the original cost being taken to retained earnings. No gain or loss is recognised in the financial statements on transactions in treasury shares.

Taxation
The tax charge for the financial period is based on the profit for the financial period.

Related parties
In these financial statements, the Company has taken advantage of the following disclosure exemptions available under FRS 101:
- The requirement of paragraph 17 of IAS 24 'Related Party Transactions'; and
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is a wholly-owned by such a member.

Notes to the company financial statements continued
For the year ended 31 July 2021

3. Income statement exemption
The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Income Statement or a Statement of Comprehensive Income for the Company. Total comprehensive income for the Company for the year was £176,000 (2020: £3,612,000).

4. Directors' emoluments
No Executive Directors received any remuneration for their services to the Company (2020: £nil). All Executive Directors' remuneration was borne by another Group company, A. Share & Sons Limited. These costs have been consolidated into the Group's financial statements and are disclosed, along with the Non-Executive Directors' fees, within the Remuneration Report on pages 81 to 90.

The Company does not employ any staff other than the Non-Executive Directors noted above.

5. Investments

	Subsidiary undertaking £'000
Cost and net book value	
At 25 July 2020 and 31 July 2021	70,000

The subsidiaries, which were owned and incorporated in the United Kingdom are as follows:

Name	Principal activity	Class of shares held	% of holdings
Parlour Product Topco Limited	Holding company	Ordinary	100%
Held by subsidiary undertakings			
Parlour Product Holding Limited	Holding company	Ordinary	100%
A. Share & Sons Limited	Specialist retailer of upholstered furniture	Ordinary	100%
ScS Furnishings Limited	Dormant company	Ordinary	100%

The registered office address for all of the subsidiaries is 45-49 Villiers Street, Sunderland, SR1 1HA.

All shares carry equal voting rights and are deemed to be controlled by ScS Group plc.

ScS Furnishings Limited is exempt from audit as it is dormant. Its aggregate amount of capital and reserves is £1.

6. Trade and other receivables

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Prepayments	**35**	27

7. Deferred tax asset
The Company's movements in deferred taxation during the current financial year and previous year are as follows:

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Opening deferred tax asset	**149**	–
Credited to profit and loss account arising from the origination and reversal of temporary differences	**293**	149
Closing deferred tax asset	**442**	149

Deferred taxation has been fully recognised in respect of:

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Losses	**442**	149
Closing deferred tax asset	**442**	149

8. Trade and other payables

	As at 31 July 2021 £'000	As at 25 July 2020 £'000
Amounts owed to Group undertakings	**13,906**	12,415
Accruals and deferred income	**290**	148
	14,196	12,563

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

9. Share capital and share premium

	Number of shares	Ordinary shares £'000	Share premium £'000	Total £'000
As at 25 July 2020 and 31 July 2021	38,012,655	38	16	54

Authorised, allotted and fully paid share capital is 38,012,655 of £0.001 each (2020: 38,012,655 of £0.001 each).

10. Dividends

An interim dividend of 3.0p (2020: £nil) per ordinary share was declared by the Board of Directors on 16 June 2021. The strength of the Group's balance sheet, coupled with the robust trading experienced since showrooms re-opened in April 2021, provided the Board with the confidence to recommence dividends and as such a final dividend of 7.0p (2020: £nil) has been proposed and, if approved, will be recorded within the financial statements for the year ended 30 July 2022.

11. Financial instruments

The Company has financial instruments, being trade receivables and trade payables, that arise directly from its operations. The financial instruments – risk management policy has been included in note 25 of the Group financial statements.

12. Treasury share reserve

Details of the Company's share capital and share buybacks are given in note 28 of the Group financial statements.

Alternative performance measures (APMs)

In the reporting of financial information, the Board have adopted various Alternative performance measures (APMs). APMs should be considered in addition to IFRS measurements. The Board believe that these APMs assist in providing useful information on the underlying performance and position of the Group and enhance the comparability of information between reporting periods by adjusting for non-underlying items which affect IFRS measures and are used internally by the Board to measure the Group's performance.

Consequently, APMs are used by the Board and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with prior year. A subset is also used by management in setting director and management remuneration. The measures are also used in discussions with the investment analyst community. The key APMs used by the Group are summarised in the table below.

APM	Definition	Reconciliation	2021 £'000	2020 £'000
Like-for like order growth	'Like-for-like' order growth comprises total orders (inclusive of VAT) in a financial period compared to total orders achieved in a prior period excluding new or closed stores to ensure comparability.	N/A		
Gross sales	Gross sales represents turnover on the sale of goods and warranties before deduction of interest-free credit.	Revenue	**310,566**	255,491
		Add back: costs of interest-free credit	**13,953**	12,628
		Gross sales (note 3)	**324,519**	268,119
Gross margin	Gross profit as a percentage of gross sales.	Revenue	**310,566**	255,491
		Add back: costs of interest-free credit	**13,953**	12,628
		Gross sales (note 3)	**324,519**	268,119
		Gross profit	**146,987**	119,580
		Gross margin	**45.3%**	44.6%
Free cash flow	Net increase in cash before the impacts of dividends paid and the purchase of own shares.	Net increase in cash and cash equivalents	**5,368**	24,616
		Dividends	**1,133**	4,336
		Purchase of own shares	**410**	5,180
		Sale of own shares	**(35)**	–
		Free cash flow	**6,876**	34,132
Non-underlying items	Certain costs or incomes that derive from events or transactions that fall outside the normal activities of the Group and are excluded by virtue of their size and nature to reflect management's view of the performance of the Group.	Operating exceptional items (note 5)	**4,242**	(3,989)
Underlying EBITDA	Earnings before interest, tax, depreciation and amortisation before the effect of non-underlying items in the period.	Statutory operating profit	**26,773**	719
		Depreciation on tangible fixed assets	**3,980**	4,847
		Depreciation on right-of-use assets	**21,149**	22,787
		Amortisation of intangible assets	**865**	647
		EBITDA	**52,767**	36,978
		Non-underlying items	**(4,242)**	3,989
		Underlying EBITDA	**48,525**	32,989

APM	Definition	Reconciliation	2021 £'000	2020 £'000
Underlying operating profit	Underlying operating profit is based on operating profit before the impact of certain costs or incomes that derive from events or transactions that fall outside the normal activities of the Group and are excluded by virtue of their size and nature to reflect management's view of the performance of the Group.	Statutory operating profit	**26,773**	719
		Non-underlying items	**(4,242)**	3,989
		Underlying operating profit	**22,531**	4,708
Underlying profit before tax	Underlying profit before tax is based on profit before tax, before the impact of certain costs or incomes that derive from events or transactions that fall outside the normal activities of the Group and are excluded by virtue of their size and nature to reflect management's view of the performance of the Group.	Statutory profit/(loss) before tax	**22,674**	(3,121)
		Non-underlying items	**(4,242)**	3,989
		Underlying profit before tax	**18,432**	868
Underlying basic EPS	Underlying basic earnings per share (EPS) is based on earnings per share before the impact of certain costs or incomes that derive from events or transactions that fall outside the normal activities of the Group and are excluded by virtue of their size and nature to reflect management's view of the performance of the Group.	Profit/(loss) for the period	**19,064**	(2,223)
		Non-underlying items net of tax	**(3,436)**	3,231
		Underlying profit after tax	**15,628**	1,008
		Number of shares (000's)	**37,829**	38,464
		Underlying EPS	**41.3p**	2.6p