5 July 2023

QUIZ

QUIZ plc
("QUIZ" or the "Group")

Final Results for the year ended 31 March 2023

Continued revenue recovery and improved profitability in FY23

QUIZ, the omni-channel fashion brand, announces its final audited results for the year ended 31 March 2023 ("FY 2023").

Financial highlights:

The income statement set out below is included to show the underlying performance of the Group:

£m	Year ended 31 March 2023	Year ended 31 March 2022	Change £m	Change %
Revenue	91.7	78.4	+13.3	+17.0%
Gross profit	56.5	47.3	+9.2	+19.5%
Operating expenses	(54.2)	(47.4)	-6.8	+14.5%
Government grants	-	1.0	-1.0	-100.0%
Other income	0.2	-	+0.2	-
Operating profit	2.5	0.9	+1.6	+169.9%
Finance costs (net)	(0.2)	(0.1)	-0.1	+103.3%
Profit before tax	2.3	0.8	+1.5	+191.5%
EBITDA	6.2	5.1	+1.1	+20.8%

- Group revenue increased 17% year on year supported by the cessation of all social restrictions leading to increased demand.
- Higher levels of full price sales resulted in gross margin increasing to 61.6% (2022: 60.3%), which was above the level achieved prior to the pandemic
- Efficient cost control with the proportionate rise in operating costs (distribution and administrative costs) being below the increase in revenues despite the significant inflationary pressures experienced during the year
- EBITDA increased 21% to £6.2 million (2022: £5.1 million)
- Profit before tax increased 192% to £2.3 million (2022: £0.8 million)
- Operating cash inflows of £5.9 million (2022: inflow of £5.3 million)
- Total liquidity headroom at 31 March 2023 of £8.3 million, being a cash balance of £7.6 million and £2.1 million of unutilised bank facilities less £1.4 million of bank loans (31 March 2022: £6.5 million, being cash of £5.8 million and £2.1 million of unutilised bank facilities less £1.4 million of bank loans)

Operational highlights:

- Continued online growth with a 13% increase in sales through QUIZ's own website
- Active customers[1] increased 11% on the prior financial year in line with demand for QUIZ's core occasion wear offering
- The benefits of previous store restructuring reflected in a positive contribution from stores
- Continued growth in International revenues with a 10% increase year on year
- QUIZ's store estate comprised 62 stores in the United Kingdom and six in the Republic of Ireland at the end of the year (2022: 62 in the UK and 5 in the ROI)

Post year end and Outlook:

- The Group generated revenue of £23.2 million in the three months to 30 June 2023, representing a 15% decrease on the prior year in part reflecting the strong prior year comparatives in the first half as well as the impact of the macroeconomic uncertainty and inflationary pressures on consumer demand.
- Revenues in the first three months of the current financial year have been broadly consistent on a like-for-like basis with those generated in the comparable period in FY 2019, that being the last period unaffected by coronavirus related factors.
- Continued focus on growing of revenues from our own stores and website with three new stores opening in the United Kingdom post year end
- Bank facilities extended to 30 June 2024 and increased from £3.5 million to £4.0 million
- Total liquidity headroom at 4 July 2023 of £7.1 million, being a cash balance of £3.7 million and £3.7 million of undrawn banking facilities less £0.3 million of bank loans
- During H2 the trading environment is expected to remain challenging, albeit the Group has softer comparatives in the second half of the financial year. Reflecting the uncertainty with regards to consumer demand and inflationary cost pressures, the Board currently anticipates that profit before tax for current year will be similar that generated in the past year.
- Longer term the Board remains confident the Group will deliver sustainable and profitable growth

1. *An active customer is a customer registered on our database who has transacted in the last twelve months.*

Tarak Ramzan, Founder and Chief Executive Officer, commented:

"Our FY 2023 results reflected a strong recovery in consumer demand for QUIZ's occasion-wear-led product offering, resulting in positive sales and profit growth. The past year once again demonstrated the benefits of the Group's omni-channel model as we saw encouraging revenue growth across stores and online.

We continue to firmly believe that the QUIZ brand has a clear, differentiated position in the market and continues to resonate with a broad age range of customers. The Group continues to focus on achieving its online growth potential through its website and we were encouraged by the increase in sales and active customers during the year.

The trading environment in the opening months of the new financial year has been tough reflecting the widely publicised external economic factors impacting consumer demand. Whilst this challenging backdrop is expected to continue into the second half, the Board remains confident that the Group's omni-channel business model and differentiated brand will enable the Group's long-term success and profitable growth."

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Notes:
This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

About QUIZ:
QUIZ is an omni-channel fashion brand, specialising in occasion wear and dressy casual wear. QUIZ delivers a distinct proposition that empowers its fashion forward customers to stand out from the crowd.

QUIZ's buying and design teams constantly develop its own product lines, ensuring the latest glamorous looks at value prices. This flexible supply chain, together with the winning formula of style, quality, value and speed-to-market has enabled QUIZ to grow rapidly into an international brand with stores, concessions, franchise stores, wholesale partners and international online partners

QUIZ operates through an omni-channel business model, which encompasses online sales, standalone stores, concessions, international franchises and wholesale arrangements.

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CHAIRMAN'S STATEMENT

Introduction

The Group's financial statements for the year ended 31 March 2023 show an uplift in revenues reflecting increased consumer demand following the cessation of COVID-19 related lockdowns and social restrictions. As a result of the increased revenues as well as improved gross margins and continued tight cost control, we are pleased to report an uplift in profitability.

Our trademark occasion and dressy wear for social events and activities has always been at the centre of the QUIZ brand. QUIZ has traditionally provided options for a variety of social occasions such as attending lunch with friends, a day at the races, a Christmas party or a wedding. The return of these and other activities in the year has led the notable positive impact on customer demand.

The positive performance in the year was driven by strong growth recorded across each of the Group's key channels of both owned and third-party retail and online operations, reinforcing the benefits of QUIZ's omni-channel model.

Our store portfolio performed well during the Period, generating a positive financial contribution. This reflects the favourable lease arrangements and well-located nature of our store estate as well as customers' desire to interact directly with the brand whether that be through purchasing in-store, utilising our click and collect in store service, ordering in-store, or exchanging/returning to store.

I would like to take this opportunity to thank the Group's management team and all colleagues across the business for their continued commitment and hard work that contributed to the improved financial performance in the current year.

FY2023 performance overview

The removal of all social restrictions led to increased demand and strong like-for like sales in the first half of the year. Demand moderated in the second half of the year as the cost-of-living pressures progressively impacted consumer spend and, as a result, sales were broadly in line with their pre-pandemic levels on a like-for-like basis. Across the year to 31 March 2023 there was a 17% increase in the Group's revenues to £91.7million (2022: £78.4 million).

As demand increased and revenues improved, so did the proportion of full price sales. This is reflected in the 130bps improvement in the gross margin generated compared to the same period in the previous year.

Management retained close control on operating costs with the proportionate increase in costs being less than the rise in revenues in the year despite the significant inflationary pressures.

Across our store estate the majority of lease arrangements provide increased flexibility with charges predominantly linked to revenues generated. During the year the business secured a number of longer lease arrangements for stores to secure the positive contribution being generated. As a result, the stores currently have an average lease term of 23 months, up from 15 months in the previous year.

During the year the number of concessions operated by the Group was broadly maintained and there were a number of changes made to the arrangements with third party websites to increase the proportion of sales despatched directly by QUIZ. As a result, the Group's performance benefited from a higher proportion of revenues generated from its own stores and website which typically generate a higher contribution than other revenue streams.

Further to the above, operating profit before financing and taxation was £2.5 million (2022: £0.9 million). EBITDA was £6.2 million (2022: £5.1million). Profit before tax amounted to £2.3 million (2022: £0.8 million).

The Financial Review section provides more detail on the Group's financial performance during the year.

Cash position

The Group remains focussed on its cash balance and ensuring that the business has the necessary resources to grow and minimise the impact of any disruption arising from reduced consumer demand. Increasing our cash balance provides greater financial stability and helps ensure that the business can continue to capitalise on demand for its product.

We were pleased to generate a cash inflow of £5.9 million from operating activities in the year (2022: inflow of £5.3 million). After a £2.5 million outflow acquiring intangible assets and property, plant and equipment (2022: £0.5 million) total liquidity headroom improved by £1.8 million. As at 31 March 2023, the Group had £8.3 million of total liquidity headroom, being a cash balance of £7.6 million and £2.1 million of undrawn bank facilities less £1.4 million of bank loans(31 March 2022: £6.5 million of total liquidity headroom).

On 4 July 2023 the total liquidity headroom available was £7.1 million, being a £3.7 million cash balance and £3.7 million of undrawn bank facilities less £0.3 million of bank loans. The cash utilisation since 31 March partially reflects investment in three new stores and the commencement of works to expand our distribution centre.

The bank facilities available to the Group were recently renewed and were increased from £3.5 million to £4.0 million. These facilities will expire on 30 June 2024. There are no financial covenants applicable to these facilities.

This will support the business's initiatives to further diversify the product range and ensure the Group is well positioned to respond to the continued increase in demand for its core occasion wear offering in due course.

Operating an ethical supply chain

The Board continues to prioritise ensuring that the Group has an ethical and responsible supply chain that all QUIZ's stakeholders are proud of. The Group is committed to continuing to invest in this critical area of the business to ensure that the Group's systems remain robust and that the Group's strict Ethical Code of Practice is always adhered to by all QUIZ suppliers.

There is an ongoing programme in place to ensure that all our products are supplied in line with our Ethical Code of Practice. Regular supplier visits continue to be conducted and processes are in place to allow for clear visibility across the Group's supply chain. The Board remains resolutely committed to ensuring the Group's systems, processes and culture are fit for purpose to assure compliance in this area.

Dividends

The Board does not recommend the payment of a final dividend (2022: £Nil).

The business will remain focused on delivering a sustainable profitable performance, subject to which the Board would anticipate reinstating dividend payments.

Outlook and current trading

Consistent with many other fashion and clothing retailers, year-on-year growth has moderated this calendar year as inflationary pressures continue to impact consumer confidence. As a result of these external headwinds as well as the strong prior year comparatives which benefited from increased demand as social restrictions ceased, like-for-like revenues in recent months have been lower than the previous year.

However, despite the challenging trading conditions in recent months, Group revenues in the first three months of FY24 have been broadly consistent on a like-for-like basis with those generated in the comparable period in the year ended 31 March 2019, that being the last period unaffected by coronavirus related factors.

The Group has generated sales of £23.2 million in the three months to 30 June 2023, broken down across the Group's channels as follows:

	1 April to 30 June 2023	**1 April to 30 June 2022**	**Year-on-year change**
Online	**£7.6m**	£9.5m	**- 20.0%**
UK stores and concessions	**£11.0m**	£13.0m	**- 15.4%**
International	**£4.6m**	£4.8m	**- 4.2%**
Total	**£23.2m**	£27.3m	**- 15.1%**

Gross margins are in line with expectations and are broadly consistent with the previous year.

The business continues to actively manage the increased cost pressures affecting the wider retail sector, but we would expect an increase in operating costs particularly in relation to payroll costs and utility costs further to the expiry of the previous price arrangements which were established two years ago.

Given the uncertainty with regards to consumer demand and the inflationary cost pressures the Board anticipates that profit before tax for the current financial year will be broadly similar to that generated in FY23.

Despite the near-term economic challenges the Board is confident that the Group's omni-channel business model can deliver long-term success underpinned by a clear focus on the development of revenues from our own stores and website. We are encouraged by the continued demand for the Group's product proposition and the revenue growth increased profitability achieved in the previous year, and we remain confident in the Group's future success.

Peter Cowgill

Non-Executive Chairman

CHIEF EXECUTIVE'S REPORT

Introduction

QUIZ's FY 2023 financial year reflected a strong recovery in demand further to the cessation of all COVID-19 related social restrictions. Across the year sales grew positively on a like-for-like basis.

The past year illustrated the benefits of QUIZ's omni-channel model which provides customers with the opportunity to engage with the QUIZ brand across different channels. As a result, we generated revenue growth in each channel during the year as follows:

	FY 2023	FY 2022	Year-on-year change	Share of revenue 2023	Share of revenue 2022
Online	£29.8m	£26.7m	+ 12%	32.5%	34.1%
International	£16.4m	£14.9m	+ 10%	17.9%	19.0%
UK stores and concessions	£45.5m	£36.8m	+ 24%	49.6%	46.9%
Total	£91.7m	£78.4m	+ 17%		

The Group's long-term strategy remains focussed on the development of the QUIZ brand through its omni-channel distribution model and to adapt and improve to ensure the brand continues to succeed. The Group continues to focus on achieving its online growth potential through its own website, which has historically generated a higher contribution than revenues from third party websites, supported by a profitable store and concession portfolio.

We continue to firmly believe that the QUIZ brand has a clear, differentiated position in the market as an occasion wear led brand and continues to resonate with a broad age range of customers. This belief is supported by the increased demand for our products across the year.

Optimising the omni-channel model in the UK

QUIZ's online channel provides the potential for significant long-term growth. The business has benefited from the return to social activities and the corresponding increase in customer demand for occasion wear has increased the profitability of sales through the higher revenues and margins generated in the year.

Given the long-term trends towards increased online shopping, we continue to believe that QUIZ's online channel offers significant long-term profitable growth potential for the Group. In FY 2023, given the stronger growth experienced across the stores and concession revenues in the year, online sales represented 33% of QUIZ's Group revenue (2022: 34%).

Going forward, the focus will be to ensure the business continues to benefit from offering on trend product for social activities ranging from lunch with friends through to attending weddings. The business continues to benefit from altering its product offering dependent upon the occasion, whether that be attending a race day, going on holiday or preparing for the Christmas party season.

The Group has continued to develop its store estate opening new stores in Bracknell and Brighton and relocating stores in Aberdeen and Lakeside. In addition, two stores closed during the year therefore the number of stores operated at the end of the year remained at 62.

Three new stores opened subsequent to the year end in Southampton, Plymouth and Fareham. In addition, we have commenced work on relocating our Braehead store and anticipate reopening a store in Liverpool later in the year. We will continue to open new stores where appropriate flexible lease arrangements can be secured.

Concessions provide a flexible model to ensure that they are making a positive contribution. During the year, 15 concessions were closed and 13 opened resulting in a reduction in the number operating at 31 March 2023 to 67.

The Group believes that stores and concessions with appropriate cost bases will continue to make a positive contribution going forward and is encouraged by the improvement in returns generated from stores across the year. We will continue to undertake initiatives to promote footfall into stores including trialling the introduction of new product categories in store, utilising our store network for online collections and returns, and improving stock availability across the estate.

Selective international growth potential through capital light model

We continue to receive positive customer reactions to the QUIZ brand internationally. Our mix of casual and occasion wear can be tailored for each market and our flexible routes to market has been beneficial.

International customers also experienced increased demand further to the cessation of lockdowns and the relaxation of social restrictions. Given this, international revenues as a share of Group revenues remained broadly consistent year on year at 18% (2022: 19%). We continue to identify opportunities to extend our sales through low-risk, low-cost international expansion driven by our capital-light online, consignment and concession routes to market.

Managing gross margin

During the current year, gross margins improved to levels in excess of those generated prior to the pandemic. The increased demand for newer, full price products experienced during the year and the greater proportion of sales through the higher margin store and concession channel resulted in the gross margin increasing to 61.6% (2022: 60.3%).

During the year we encountered increased cost pressures in relation to product and shipping costs. We have successfully adjusted prices to maintain our gross margin whilst broadening the range of prices offered to customers so they have a wide range of options suitable for their budgets.

Leveraging our cost base

We continue to carefully manage costs and will look to leverage off the Group's existing infrastructure as revenues grow. The last year has proven challenging given the inflationary cost pressures impacting across the business with increased employee costs, utility costs, and the removal of all reliefs associated with business rates.

Given this we were pleased that the increase in operating costs was restricted to 15% which was below the 17% increase in revenues.

We will continue to review our cost base to ensure it is appropriate for the revenues that will be generated going forward.

A strong brand

QUIZ is a distinctive fashion brand which, over many years, has developed a specialisation in occasion wear and dressy casual wear for women. QUIZ's core business continues to deliver a distinct proposition that empowers fashion-forward females to stand out from the crowd.

We firmly believe that the QUIZ brand has a clear, differentiated position in the market with a specialisation in occasion wear and dressy casual wear for women, and the brand continues to resonate with a broad age range of customers. This belief was supported by the increased demand for our products over the year as restrictions on social events were eased.

The number of online active customers increased during the year, reflecting the recovery in online revenues and the appeal of the QUIZ brand. The number of active customers, increased by 11% to 622,000 (2022: 563,000) which is approaching the levels achieved prior to the pandemic.

During the period, the brand maintained its social media engagement relative to the prior year, with increases in our Instagram and Facebook audiences respectively and growth in our engagement on Tik Tok.

Our flexible supply chain remains a key competitive advantage

The business has a well invested infrastructure and a proven successful supply chain which allows us to source clothes in a responsible and ethical manner. This allows for the business to respond to customer demands and to provide on-trend product whether it be influenced by social media, the catwalk or television.

During the year we finalised plans to expand capacity at our Distribution Centre. This work commenced subsequent to the year end and will provide a new mezzanine level to increase storage space and provide an improved layout to accommodate more efficient working practices. The work will conclude in the Autumn and will cost £1.3 million.

We continue to work to broaden our supply base and reduce any dependency on any one particular supplier or region. Our supply chain and ability to constantly refresh products for sale in store and online are strong competitive advantages.

QUIZ continues to introduce new products each week in order to meet customer demand as trends emerge throughout the season. The Board believes this remains an important component for success as customers increasingly access the options available of where, when and how to shop.

QUIZ's sustainable collection

In the last year we introduced the QUIZ Eco collection, which was our first step to creating an environmentally friendly collection. The capsule collection was designed and manufactured in the UK via the Global Recycled Standard certified route.

Going forward we will focus on using more sustainable materials across our ranges to help minimise our environmental impact.

Targeted marketing investment

Underpinning the growth and expansion of the QUIZ brand is the Group's approach to targeted and returns-driven marketing investment. Our marketing activity utilised a pipeline of celebrity and influencer activity across the year. These activities continued to be supplemented with digital marketing and offline activity to push the QUIZ brand to the forefront of our target customers' minds.

Investment continued to be carefully managed during the year given the Group's focus on cost management. Marketing spend increased 17% to £2.7 million (2022: £2.3million) in line with the increase in revenues and, as a result, marketing investment as a proportion of Group sales for FY 2022 was maintained at 3.0% (2022: 3.0%).

We are pleased to see a positive response to our ongoing social media activity. This activity continues to be supplemented with digital marketing and offline activity to ensure that QUIZ remains at the forefront of our customers' minds.

The QUIZ community

Our business has progressed well in the last year; growing revenues and profitability whilst investing to facilitate further growth. The resilience of the business is a reflection of the commitment and professionalism shown by our colleagues across our stores and concessions, distribution centre and head office through these difficult times. I would like to thank all my colleagues for their hard work and contribution in the last year and we can look forward to achieving further profitable growth going forward.

I would also like to thank our suppliers, business partners and customers for their continued support, allowing the business and brand to approach the future with confidence.

Tarak Ramzan
Chief Executive Officer

FINANCIAL AND BUSINESS REVIEW

Group overview

The business benefited from the complete removal of lockdowns and social restrictions related to COVID-19 in early 2022. This supported an uplift in revenues across each area of our business during the year and a higher level of profitability which contributed to a strengthening of the Group's financial position.

Group revenue increased 17% to £91.7 million (2022: £78.4 million).

Further to this increase in revenues, operating profit generated was £2.5 million (2022: £0.9 million).

Financial KPIs

	FY 2023	FY 2022	Change
Revenue	£91.7m	£78.4m	+ 17.0%
Gross margin	61.6%	60.3%	+ 1.3%
Adjusted EBITDA %	6.8%	6.6%	+ 0.2%
Cash from operating activities	£5.9m	£5.3m	+ £0.6m

EBITDA increased to a profit of £6.2 million (2022: £5.1 million) which represented an EBITDA margin of 6.8% (2022: 6.6%). Group profit before tax was £2.3 million (2022: £0.8 million). Earnings per share was 1.64 pence (2022: 1.65 pence).

Cash net of bank borrowings at the year end amounted to £6.2 million (2022: £4.4 million).

Revenue

Group revenue increased by 17% to £91.7 million from £78.4 million in 2022, with our three revenue channels shown below:

	FY 2023	FY 2022	Year-on-year growth	Share of revenue 2023	Share of revenue 2022
Online	£29.8m	£26.7m	+ 12%	32.5%	34.1%
International	£16.4m	£14.9m	+ 10%	17.9%	19.0%
UK stores and concessions	£45.5m	£36.8m	+ 24%	49.6%	46.9%
Total	£91.7m	£78.4m	+ 17%		

Online

The increase in Online revenues reflects the increased demand for product experienced across the business.

Revenues from QUIZ's own website grew 13% and contributed 70% of total online sales (2022: 69%). Sales through third-party websites increased 9% in the year. Most of the sales through third party websites are now despatched from QUIZ's facilities which allows for a reduction in the stock being held by third-parties, provides improved service for customers and helps maximise the financial returns generated.

The impact of the stronger demand during the year was reflected in the number of active customers at 31 March 2023 which increased 11% in the year to 622,000 (2022: 563,000).

International

International sales include revenue from QUIZ standalone stores and concessions in the Republic of Ireland and franchises in 19 countries.

As with the UK sales, International revenues benefited from increased demand once pandemic related restrictions were lifted leading to a 10% rise to £16.4 million (2022: £14.9 million).

Revenues in Ireland increased 48% in the year to £6.4 million (2022: £4.3 million) further to the cessation of lockdown periods which restricted trading. At 31 March 2023 the business operated six stores and 18 concessions in Ireland (March 2022 – five stores and 18 concessions),

Sales with our main franchise partners also benefited from the return to previous demand levels. Further to ceasing arrangement with a number of smaller customers, revenues decreased 6% to £10.0 million (2022: £10.6 million).

UK stores and concessions

Sales in the Group's UK standalone stores and concessions increased 24% to £45.5 million (2022: £36.8 million). The increase was largely attributable to a strong performance across our store estate.

As at 31 March 2023, the Group operated from 62 stores and 67 concessions (2022: 62 stores and 69 concessions). During the year, two stores opened, two closed and two were relocated. There were a number of changes in the concessions operated with 13 opening and 15 closing in the year.

As a result of these changes, total selling space across the stores and concessions at 31 March 2023 increased by 7% to 145,000 sq. ft. (2022: 136,000 sq. ft.).

Gross margin

Gross margins in the year progressively improved and achieved levels in excess of those generated prior to the pandemic. In the current year, customers have continued to express their preference for new products. In addition, a higher proportion of sales were generated through stores and concessions which are traditionally higher margin channels.

Promotional activity which is undertaken on a targeted basis increased later in the year as consumer demand slowed.

Further to the factors, the gross margin in the year increased to 61.6% (2022: 60.3%).

Progress was made in disposing of excess stock from previous lockdown periods and this contributed to a £0.9 million reduction in the provision against slow-moving stock in the year to £1.7 million (2022: £2.6 million). The Group remains focussed upon ensuring that forward commitments on stock are managed to allow the business to be responsive to changes in customer demand and that any slow moving stock is discounted at an early stage to help improve the turnover of stock.

During the year we continued to encounter increased product cost and the costs associated with their shipment cost pressures. Whilst we have marginally increased prices to maintain our gross margin, we have ensured a range of price points is available to customers to meet their price expectations.

The previously reported industry-wide global freight disruption and increased costs abated in the second half of the year. This has allowed for more product to shipped by air freight allowing the product offering to be more responsive to trends and consumer preferences.

Operating costs

Further to the Group's increased revenues and operational activities there have been increases in operating costs, namely administrative and distribution costs, in the year. Operating costs increased by 15% from £47.4 million to £54.3million.

The increases in costs reflect the impact of higher revenues on variable costs, including turnover rents, merchant fees, certain distribution costs, utilities, travel and expenses.

Administrative costs increased by £5.1 million or 14% to £41.7 million (2022: £36.6 million). The most significant increases included:

- A £2.8 million or a 42% rise in property costs to £9.5million (2022: £6.7 million) which includes depreciation charges in relation to leases for standalone stores. The increase is primarily due to a £2.5 million increase in business rates for retail businesses further to the removal of any COVID related relief on the amount charged;
- A £1.4 million increase in employee costs reflecting increases in the amount paid as well as higher employee numbers year-on-year; and
- A £0.4 million or a 17% increase in marketing costs to £2.7 million. Spend continued to be focused on digital marketing where a clear Return on Investment can be demonstrated and spend to drive broader awareness of the QUIZ brand and to ensure the business benefited from the increased consumer demand for occasion and dressy wear.

The above increases were partially offset by a £0.5 million or 21% decrease in depreciation and amortisation costs (excluding depreciation charges in relation to leases for standalone stores which are reflected in property costs) to £1.8 million (2022: £2.3 million) which reflect the previous asset impairments and therefore reduced depreciation charges recorded in the current year.

In the current year there continues to be pressure on payroll costs further to the increase in the National Living Wage and other associated changes. This will increase employee costs by circa £0.8 million in the year. In addition, the Group has recently renewed its utility contracts, which had been fixed two years previously. Given the changes in the utility market since that date there will an increase of £0.6 million in costs per annum.

Distribution costs increased 16% to £12.5 million (2022: £10.8 million) and is reflective of the higher revenues generated in the period.

Included in distribution costs are commission payments to third parties which sell product on behalf of QUIZ. These increased as a result of the higher revenues generated through concessions and International franchise partners.

Also reflected in the increase in distribution costs are higher carriage costs to stores, concessions and franchises as well as to online customers further to the increased revenues generated and inflationary increases incurred during the year.

Other operating income

Other operating income of £0.2 million (2022:£1.0 million) was generated in the period. The current year income arose from the disposal of inventory which was no longer appropriate for sale through our existing revenue channels. The prior year income comprised £0.6 million from the utilisation of the Government's Coronavirus Job Retention Scheme and £0.4 million of payments received in relation to coronavirus grants made available to retail businesses which were closed due to national or local restrictions.

Finance costs

The finance cost of £0.2 million (2022: £0.1 million) primarily relates to interest costs arising on the lease payments for stores in accordance with IFRS 16.

Taxation

In the current year the Group recorded an income tax charge of £0.3 million (2022: income tax credit of £1.3 million) which represents a reported tax rate of a charge of 11.3% (2022: tax credit rate of 160.0%).

As at 31 March 2023 the deferred tax asset amounted to £1.0 million (2022: £1.0 million). This balance reflects the anticipated future cash benefit expected to be derived from utilising previously generated tax losses and available capital allowances in excess of the recorded net book value.

The remaining unrecognised deferred tax asset at 31 March 2023 amounts to £0.5 million (2022: £0.4 million).

Earnings per share

Basic earnings per share for 2023 was 1.64 pence per share (2022: 1.65 pence).

Dividends

No dividend was paid during the year (2022: £Nil). Given the level of operating profits generated in the current year the Board does not recommend the payment of a final dividend.

Cash flow and cash position

Cash, net of bank borrowings, at the year-end amounted to £6.2 million (2022: £4.4 million).

Net cash flow from operating activities resulted in an inflow of £5.9 million (2022: inflow of £5.3 million). Reflected in this inflow of cash is a £0.9 million working capital outflow (2022: inflow of £0.2 million). The outflow arose further to the increased revenues year-on-year giving rise to increased inventory and receivables balances which was partially offset by higher trade payables.

Spend on intangible assets and property, plant and equipment amounted to £0.5 million and £2.0 million respectively (2022: £0.2 million and £0.3 million).

Included in property, plant and equipment was investment in new or relocating stores amounting to £1.5 million in year, arising from three new stores and two relocations during the year and spend on two stores opened shortly after the year end. In addition, two new stores opened shortly after the year end.

Loans, being amounts drawn down on the Group's working capital facility which are repayable in less than one year, at 31 March 2023 of £1.4 million was consistent with the previous year.

The payment of lease liabilities amounted to £1.8 million (2022: £1.9 million) reflecting lease charges and the increased period of trading for the relevant stores in the past year. Given a number of new leases were entered into during the year the amounts outstanding in relation to lease liabilities increased to £6.9 million (2022: £1.1 million).

Foreign currency hedging

The Group currently undertakes foreign exchange transactions.

The primary outflow of foreign exchange relates to the purchase of stock, primarily in Chinese Renminbi. The primary inflow of foreign exchange relates to Euro denominated revenues generated in Ireland.

The Group manages the risk associated with foreign currency fluctuations through the use of forward contracts for the sale or the purchase of the respective currency for a period between six and twelve months in advance. We have currently hedged our expected currency outflows in respect of Chinese Renminbi for the remainder of the financial year to 31 March 2024.

QUIZ plc

Consolidated statement of comprehensive income
Year ended 31 March 2023

	Notes	2023 £000	2022 £000
Continuing operations			
Revenue	2	91,680	78,371
Cost of sales		(35,166)	(31,074)
Gross profit		**56,514**	**47,297**
Administrative costs		(41,728)	(36,578)
Distribution costs		(12,544)	(10,820)
Government grants	3	-	1,010
Other operating income		214	1
Total operating costs		**(54,058)**	**(46,387)**
Operating profit	5	**2,456**	**910**
Finance income	6	89	-
Finance costs	6	(248)	(122)
Profit before income tax		**2,297**	**788**
Income tax (charge)/credit	7	(260)	1,261
Profit for the year		**2,037**	**2,049**
Other comprehensive income:			
Foreign currency translation differences – foreign operations		138	(20)
Profit and total comprehensive income for the year attributable to owners of the parent		**2,175**	**2,029**
Profit per share:			
Basic and diluted earnings per share	8	**1.64p**	**1.65p**

All of the above income is attributable to the shareholders of the Company.

QUIZ plc

Consolidated statement of financial position
As at 31 March 2023

	Notes	31 March 2023 £000	31 March 2022 £000
Assets			
Non-current assets			
Property, plant and equipment	10	4,688	3,985
Right of use assets	11	6,523	1,108
Intangible assets	12	2,703	2,782
Deferred tax assets	18	957	964
Total non-current assets		**14,871**	**8,839**
Current assets			
Inventories	13	12,322	11,710
Trade and other receivables	14	7,429	6,425
Cash and cash equivalents	22	7,575	5,840
Total current assets		**27,326**	**23,975**
Total assets		**42,197**	**32,814**
Liabilities			
Current liabilities			
Trade and other payables	15	(12,602)	(11,466)
Loans and borrowings	16	(1,410)	(1,420)
Lease liabilities	11	(1,909)	(954)
Derivative financial liabilities	17	(65)	(65)
Corporation tax payable		(291)	-
Total current liabilities		**(16,277)**	**(13,905)**
Non-current liabilities			
Lease liabilities	11	(4,967)	(185)
Deferred tax liabilities	18	(20)	(21)
Total non-current liabilities		**(4,987)**	**(206)**
Total liabilities		**(21,264)**	**(14,111)**
Net assets		**20,933**	**18,703**
Equity			
Called-up share capital	20	373	373
Share premium	20	10,315	10,315
Merger reserve	20	1,130	1,130
Retained earnings	20	9,115	6,885
Total equity		**20,933**	**18,703**

QUIZ plc

Consolidated statement of changes in equity
Year ended 31 March 2023

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2021	**373**	**10,315**	**1,130**	**4,804**	**16,622**
Profit and total comprehensive income for the year	-	-	-	2,029	2,029
Share-based payments charge	-	-	-	52	52
At 31 March 2022	**373**	**10,315**	**1,130**	**6,885**	**18,703**
Profit and total comprehensive income for the year	-	-	-	2,175	2,175
Share-based payments charge	-	-	-	55	55
At 31 March 2023	**373**	**10,315**	**1,130**	**9,115**	**20,933**

QUIZ plc

Consolidated cash flow statement
Year ended 31 March 2023

	Notes	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Cash flows from operating activities			
Cash generated by operations			
Profit after tax for the year		2,037	2,049
Adjusted for:			
Depreciation of property, plant and equipment		1,263	1,522
Depreciation of right-of-use assets		1,898	1,873
Amortisation of intangible assets		589	832
Share-based payment charges		55	52
Exchange movement		126	(20)
Finance income		(89)	-
Finance cost expense		248	122
Income tax charge/(credit)		260	(1,261)
Increase in inventories		(612)	(623)
Increase in receivables		(1,384)	(2,454)
Increase in payables		1,136	3,308
Net cash generated from operating activities		**5,527**	**5,400**
Interest paid		(18)	(40)
Income taxes refunded/(paid)		417	(62)
Net cash inflow from operating activities		**5,926**	**5,298**
Cash flows from investing activities			
Payments to acquire intangible assets		(510)	(200)
Payments to acquire property, plant and equipment		(1,965)	(290)
Interest received		89	-
Net cash outflow from investing activities		**(2,386)**	**(490)**
Cash flows from financing activities			
Loans (repaid)/received		(10)	14
Payment of lease liabilities		(1,807)	(1,908)
Net cash outflow from financing activities	21	**(1,817)**	**(1,894)**
Net increase in cash and cash equivalents		**1,723**	**2,914**
Cash and cash equivalents at beginning of year		**5,840**	**2,927**
Effect of foreign exchange rates		**12**	**(1)**
Cash and cash equivalents at end of year	22	**7,575**	**5,840**

The Group considers overdrafts to be an integral part of its cash management activities and these are included in cash and cash equivalence for the purposes of the cash flow statement.

Selected notes to the Group financial statements

Year ended 31 March 2023

1 Significant accounting policies

General information

Quiz Plc (the 'parent company') is a public limited company, incorporated and domiciled in Jersey. It is listed on AIM. The registered office of the Company is 22 Grenville Street, St Helier, Jersey, Channel Islands E4 8PX. The principal activity of the group is that of retailing clothes.

Basis of preparation

The Board of Directors approved this preliminary announcement on 4 July 2023. Whilst the financial information included in the preliminary announcement has been prepared in accordance with the recognition and measurement criteria of UK-adopted International Accounting Standards and the Companies (Jersey) Law 1991, this announcement does not itself contain sufficient information to comply with all the disclosure requirements of UK-adopted International Accounting Standards and does not constitute statutory accounts within the meaning of Companies (Jersey) Law 1991 but is derived from the accounts of the Company for the years ended 31 March 2023 and 2022. The financial information is prepared on the same basis as set out in the statutory accounts for the year ended 31 March 2022.

The financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Monetary amounts in these financial statements are rounded to the nearest thousand. Foreign operations are included in accordance with the policies set out below.

The annual financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are carried at fair value.

The preparation of financial statements in conformity with UK-adopted International Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported year. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The statutory accounts for the year ended 31 March 2022 have been filed with the Jersey Companies Registry and the statutory accounts for the year ended 31 March 2023 will be filed in due course. The auditors have reported on the accounts for the years ended 31 March 2023 and 2022; their reports were unqualified, did not include any matters to which the auditor drew attention by way of emphasis and under 113B (3) or 113B (4) of the Companies (Jersey) Law 1991.

Accounting standards in issue but not yet effective

At the date of issue of these financial statements, there are several standards and interpretations issued by the IASB that are effective for financial statements after this reporting period. Of these new standards, amendments and interpretations, there are none which are expected to have a material impact on the Group's consolidated financial statements.

Going concern

The Directors have prepared a detailed forecast with a supporting business plan for the foreseeable future to determine whether the Group will have adequate resources to enable it to operate as a going concern for the foreseeable future.

When preparing this forecast, the Directors considered the current trading levels, which have been consistent with management's expectation, and the outlook for the Group against their detailed base case scenario and further downside scenarios.

At 31 March 2023, the Group had cash net of bank borrowings of £6.2 million, being a £7.6 million cash balance offset by a £1.4 million bank loan , and £2.1 million of unutilised banking facilities (2022: £4.4 million of net cash and £2.1 million of unutilised banking facilities).

Borrowing facilities

As at 4 July 2022, the Group has £4.0 million of banking facilities, which were recently extended until 30 June 2024. These facilities comprise a £2.0 million overdraft and £2.0 million working capital facility. There are no financial covenants associated with these facilities, which are reviewed annually. Whilst the facilities are repayable on demand the Directors believe that these facilities will be available to the Group through to 30 June 2024 and will be renewed in due course.

The Group had a net cash balance of £3.4 million at 4 July 2023, being a £3.7 million cash balance offset by a £0.3 million bank loan and £3.7 million of unutilised banking facilities.

Forecast scenarios

The Directors have reviewed management's business plan forecast for the twelve months from the date when these financial statements are authorised to be issued. The forecasts have been produced on the following basis:

- Given the strong demand at the start of the previous year the base case scenario assumes stores and concessions sales are lower on a like-for-like basis in the four months to July 2024. Thereafter sales forecast to be a similar or slightly higher levels on a like-for-like basis. Web sales through the QUIZ website are assumed to be at a level similar to those generated in the previous year. The assumed sales levels are broadly consistent with those currently achieved.
- Downside scenario assumes reduced sales across the next year to reflect reduced demand including assumed reductions in store and concessions sales of 10% on a like-for-like basis. Online sales are assumed to be 10% below their base case scenario.

Within each forecast, management have reflected outstanding financial commitments and the impact of previously realised cost savings. There are no further anticipated savings incorporated in response to any downside scenario for reduced revenues. Further actions could be undertaken to mitigate against any shortfalls arising from these scenarios. These include reducing operating costs and capital expenditure, ceasing or suspending loss-making activities and optimising working capital.

The Base Case and Downside scenario forecasts indicate the Group will remain within its available borrowing facilities through the forthcoming twelve month period. Under the downside scenario the Group has more than £5.0 million available liquidity headroom through-out the period under consideration.

Going concern basis

Based on the assessment outlined above, the Directors have a reasonable expectation that the Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future, being a period of at least twelve months from the date when these financial statements are authorised to be issued. For these reasons, the Directors consider it appropriate for the Group to continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements. Accordingly, the financial statements of the Group have been prepared on a going concern basis in accordance with UK-adopted International Accounting Standards and the Companies (Jersey) Law 1991.

2 Revenue

An analysis of revenue by geographical destination is as follows:

	2023 £000	2022 £000
Online	29,872	26,742
International	16,357	14,862
UK stores and concessions	45,451	36,767
	91,680	78,371

	2023 £000	2022 £000
United Kingdom	75,077	63,176
Rest of the world	16,603	15,195
	91,680	78,371

As at 31 March 2023 non-current assets in the United Kingdom were £14,459,000 (FY 2022: £8,616,000) with £412,000 (FY 2022: £223,000) located in the rest of the world.

3 Government grants

	2023 £000	2022 £000
Government support – furlough payments	-	640
Government support – grant income	-	370
	-	1,010

4 Employee benefit expenses

Employment costs and average monthly number of employees (including Directors) during the year were as follows:

	2023 £000	2022 £000
Wages and salaries	14,970	14,420
Social security costs	1,142	1,023
Other pension costs	257	302
Agency costs	2,857	2,065
Share-based payment charges	55	52
	19,281	17,862

	No.	No.
Retail	727	689
Distribution	98	97
Administration	150	136
	975	922

Included above is £697,000 in respect of Directors' remuneration (FY 2022: £679,000).

5 Operating profit

Operating profit is stated after charging/(crediting):

	2023 £000	2022 £000
Cost of inventories recognised as an expense	35,166	31,074
Distribution costs	12,544	10,820
Employment costs	19,236	17,810
Share based payments charges	55	52
Depreciation of property, plant and equipment	1,263	1,522
Depreciation of right-of-use assets	1,898	1,873
Amortisation of intangible assets	589	832
Short-term and variable lease costs	2,257	2,105
Foreign exchange losses/(gains)	86	(53)
Government grants	-	(1,010)
Other operating income	(214)	(1)
Other expenses	16,355	12,441

6 Finance income and expense

	2023 £000	2022 £000
Interest on cash deposits	89	-
Finance income	89	-

	2023 £000	2022 £000
Interest on lease liabilities	231	82
Interest on loans and overdrafts	17	40
Finance expense	248	122

7 Income tax

	2023 £000	2022 £000
UK corporation tax – current year	393	-
UK corporation tax – prior year	(53)	(244)
Foreign tax	19	-
Deferred tax – current year	104	(1,088)
Deferred tax – prior year	(203)	71
Tax on profit	260	(1,261)
Reconciliation of effective tax rate		
Profit on ordinary activities before taxation	2,297	788
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19%	436	150
Expenses not deductible for tax purposes	43	42
Change in unrecognised deferred tax assets	32	(964)
Impact of overseas tax rate	(18)	(2)
Impact on deferred tax of increase in UK corporation tax rate	-	13
Utilisation in current year of previously unrecognised deferred tax asset	-	(327)
Write down of previously recognised deferred tax asset	23	-
Adjustments to previous years	(256)	(173)
	260	(1,261)

8 Earnings per share

Number of shares:	2023 No.	2022 No.
Weighted number of ordinary shares outstanding – basic and diluted	124,230,905	124,230,905

Earnings:	£000	£000
Profit	2,037	2,049

Earnings per share:	Pence	Pence
Basic earnings per share	1.64	1.65

The diluted earnings per share is the same as the basic earnings per share each year as the average share price during the year was less than the prices applicable to the outstanding options and therefore the outstanding options were not dilutive.

9 Dividends

No dividends in respect of 2023 are proposed (FY 2022: £Nil).

10 Property, plant and equipment

	Leasehold improvements £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2022	601	133	1,583	14,799	17,116
Additions	199	18	133	1,616	1,966
Disposals	(8)	(14)	(18)	(593)	(633)
At 31 March 2023	792	137	1,698	15,822	18,449
Depreciation					
At 1 April 2022	416	91	967	11,657	13,131
Charge	165	22	201	875	1,263
Disposals	(8)	(14)	(18)	(593)	(633)
At 31 March 2023	573	99	1,150	11,939	13,761
Net book value					
At 31 March 2023	219	38	548	3,883	4,688
At 31 March 2022	185	42	616	3,142	3,985

11 Right to use assets and lease liabilities

	Property £000
Cost	
At 1 April 2022	3,872
Additions	7,313
Disposals	(2,297)
At 31 March 2023	8,888
Amortisation	
At 1 April 2022	2,764
Charge	1,898
Disposals	(2,297)
At 31 March 2023	2,365
Net book value	
At 31 March 2023	6,523
At 31 March 2022	1,108

The Group presents lease liabilities separately within the statement of financial position. The movement in the year comprised:

	2023 £000	2022 £000
At 1 April 2022	1,139	2,965
Additions	7,313	-
Interest expense related to lease liabilities	231	82
Repayment of lease liabilities (including interest)	(1,807)	(1,908)
At 31 March 2023	6,876	1,139
Current lease liabilities	1,909	954
Non-current lease liabilities	4,967	185

The above leases relate to the use of the Group's Head Office, Distribution Centre and a number of its retail stores. Lease arrangements in respect of retail stores are a mix of leases with fixed rents which are reflected in the right-of –use assets and the associated lease liabilities and leases where charges are related to the revenues generated in the relevant retail stores. Costs in the year in respect of facilities in the year with fixed rentals amounted to £2,129.000 (2022: £1,955,000) and £2,257,000 in respect of leases with charges related to the revenue generated within that store (2022: £2,105,000).

Short-term operating leases

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable leases which fall due as follows:

	2023 £000	2022 £000
Within one year	85	109

12 Intangibles

	Goodwill £000	Computer software £000	Trademarks £000	Total £000
Cost				
At 1 April 2022	6,175	3,827	165	10,167
Additions	-	510	-	510
At 31 March 2023	6,175	4,337	165	10,677
Amortisation				
At 1 April 2022	5,248	2,060	77	7,385
Charge	-	572	17	589
At 31 March 2023	5,248	2,632	94	7,974
Net book value				
At 31 March 2023	927	1,705	71	2,703
At 31 March 2022	927	1,767	88	2,782

The goodwill primarily arose when Shoar (Holdings) Limited acquired the entire share capital of Tarak Retail Limited in 2012 and reflects the difference between the fair value of the consideration transferred and the fair value of assets and liabilities purchased. Goodwill is assessed for impairment by comparing the carrying value to value-in-use calculations. Value in use has been estimated using cash flow projections based on detailed budgets and forecasts over the period of three years, with a decline rate of 15% (FY 2022: 10%) and a pre-tax discount rate of 10% (FY 2022: 10%) applied, being the Directors' estimate of the Group's cost of capital, with no terminal value. The budgets and forecasts are based on historical data and the past experience of the Directors as well as the future plans of the business. No reasonable change in any of the assumptions would result in an impairment charge and therefore no sensitivity analysis is disclosed. The Directors do not consider goodwill to be impaired in the current year.

13 Inventories

	2023 £000	2022 £000
Finished goods and goods for resale	12,322	11,710

The cost of inventories recognised as an expense during the year in respect of continuing operations amounted to £35,166,000 (2022: £31,074,000). The cost of inventories included a net credit in respect of write-downs of inventory to net realisable value of £875,000 (2022: credit of £1,138,000). Inventories are stated after provisions for impairment of £1,675,000 (2022: £2,550,000).

14 Trade and other receivables

	2023 £000	2022 £000
Trade receivables – gross	3,292	3,948
Less allowance for expected credit losses (calculated under IFRS 9)	(333)	(327)
Trade receivables – net	2,959	3,621
Other receivables	2,113	422
Current tax receivable	-	380
Prepayments and accrued income	2,357	2,002
	7,429	6,425

The Directors consider that the fair value of trade and other receivables is not materially different from the carrying value.

15 Trade and other payables

	2023 £000	2022 £000
Trade payables	7,116	5,155
Other taxes and social security costs	1,610	979
Accruals	2,585	3,733
Other payables	1,291	1,591
Amounts due to related parties	-	8
	12,602	11,466

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the fair value of trade and other payables is not materially different from the carrying value.

Included within other payables at the year-end date was a balance of £59,000 (FY 2022: £52,000) owed to the Group's pension scheme.

16 Loans and borrowings

	2023 £000	2022 £000
Bank loans	1,410	1,420
Current	1,410	1,420

The Group's overdraft and other credit facilities amount to £4.0 million (2022: £3.5 million) and are secured by an unlimited multilateral and cross-company guarantee given by Zandra Retail Limited and Tarak International Limited and also by a limited guarantee given by, and by a floating charge over the assets of, Zandra Retail Limited and Tarak International Limited. The bank also holds a right of set-offs between Zandra Retail Limited and Tarak International Limited. All entities included in the guarantee are wholly owned subsidiaries in the Group. In addition, the Company has provided a parent company guarantee with respect to the facilities.

In addition, credit facilities are secured by a bond and floating charge from Tarak Retail Limited over the whole of its property and undertakings.

The bank overdraft and other credit facilities are annual facilities and are repayable on demand. These facilities were renewed after the year end and are next subject to review in June 2024.

Borrowings are denominated and repaid in Pounds Sterling, have contractual interest rates that are either fixed rates or variable rates linked to the Bank of England base rate that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

17 Derivative financial instruments

The following is an analysis of the derivative financial instruments liability:

	2023 £000	2022 £000
Foreign currency options	65	65

Forward foreign exchange contracts are used to hedge exposure to fluctuations in foreign exchange rates that arise in the normal course of the Group's business.

As at 31 March 2023, the Group had commitments to buy the equivalent of £3,050,000 of Chinese Renminbi (FY 2022: £5,200,000).

18 Deferred tax

The following is an analysis of the deferred tax assets:

	Tax Losses	Fixed asset timing differences	Total
	£000	£000	£000
Balance brought forward	634	330	964
Credit to income statement	(65)	58	(7)
Total deferred tax asset at end of year	569	388	957

At 31 March 2023 there was a total of unprovided deferred tax assets of £471,000 (2022 - £413,000) in relation to fixed asset timing differences.

The following is an analysis of the deferred tax liabilities:

	Fixed asset timing differences
	£000
Balance brought forward	21
Credit to income statement	(1)
Total deferred tax asset at end of year	20

19 Financial instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities, other than derivatives. All financial liabilities are measured at amortised cost. The derivative liability, which is measured at fair value, is level 2 in the fair value hierarchy.

	2023	2022
	£000	£000
Category of financial instruments		
Carrying value of financial assets:		
Cash and cash equivalents	7,575	5,840
Trade and other receivables	5,072	4,423
Total financial assets	12,647	10,263
Carrying value of financial liabilities:		
Trade and other payables	(10,992)	(10,479)
Bank and other borrowings	(1,410)	(1,420)
Derivative financial instruments	(65)	(65)
Lease liabilities	(6,876)	(1,139)
Total financial liabilities	(19,343)	(13,103)

The fair value and carrying value of financial instruments have been assessed and there is deemed to be no material differences between fair value and carrying value.

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated P-1 and A-1, based on Moody's ratings.

20 Share capital and reserves

	2023 £000	2022 £000
Share capital – allotted, called up and fully paid 124,230,905 ordinary shares of 0.3 pence each (31 March 2022: 124,230,905)	373	373
Share premium	10,315	10,315

Share capital

The issued share capital at 31 March 2023 comprised 124,230,905 ordinary shares of 0.3 pence each with a nominal value of £372,693. The company has one class of ordinary share which have equal right, preferences and restrictions.

Share premium

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the Company. The 6,583,851 ordinary shares of 0.3 pence each with a nominal value of £19,752 on 28 July 2017 were issued at a price of 161 pence per share giving rise to a share premium of £10,315,248 (net of expenses).

Merger reserve

The merger reserve arose on the purchase of certain subsidiaries. The merger reserve represents the difference between the cost value of the shares acquired less the cost value of the shares issued for the purchase of each company and the stamp duty payable in respect of these transactions.

Retained earnings

The movement on retained earnings is as set out in the statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

21 Change in liabilities arising from financing activities

	2022 £000	Cash flow £000	Non-cash changes £000	2023 £000
Cash at bank and in hand	5,840	1,723	12	7,575
Net cash per statement of cash flows	5,840	1,723	12	7,575
Borrowings	(1,420)	10	-	(1,410)
Net cash before lease liabilities	4,420	1,733	12	6,165
Lease liabilities	(1,139)	1,807	(7,544)	(6,876)
Net debt after lease liabilities	3,281	3,540	(7,532)	(711)

Non-cash changes relate to the translation of foreign currency balances at the end of the period and lease acquisitions, disposals and modifications.

22 Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	7,575	5,840
Net cash at bank and in hand	7,575	5,840

23 Financial commitments

Capital commitments

The Group had £1.9 million of capital commitments of at 31 March 2023 (FY 2022: Nil) which were not provided for in the financial statements.