Company Registration No. 00171167

WACOAL EMEA LIMITED

Annual Report and Financial Statements

for the year ended 31 March 2021

WACOAL EMEA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

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WACOAL EMEA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G M Embley
V P Waylett
J E Benton
D T Cooper (resigned 31/5/2021)
L S Simon
A M Yeomans
M Payne (appointed 6/11/2020)

COMPANY SECRETARY

V P Waylett

REGISTERED OFFICE

The Corsetry Factory
Rothwell Road
Desborough
Kettering
Northamptonshire
NN14 2PG

BANKERS

Lloyds
7 High Street
Leicester
LE1 9FS

SOLICITORS

Gateley LLP
Ship Canal House
King Street
Manchester
M2 4WU

AUDITOR

Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

WACOAL EMEA LIMITED

STRATEGIC REPORT

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S172(1) COMPANIES ACT 2006

The board of Directors of Wacoal EMEA Ltd consider that they have acted in good faith, and in a way that would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to both stakeholders and the matters set out in s172(1)a-f of the Act) in the decisions taken during the year ended 31 March 2021

Our employees are fundamental to the success of our business. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business. For our business to succeed we also need to manage our people's performance by developing and bringing through talent. As part of our commitment we have undertaken training courses to upskill our current senior managers and our managers of the future.

We also aim to act responsibly in how we engage with our suppliers and customers all of whom are integral to the success of our business. We carry out ethical audits to ensure our major suppliers comply with our standards of business and we are constantly developing new ways of supporting our customers to enable them to be successful.

We take into account the impact of the company's operations on the community and the environment and our wider social responsibilities. Over the past twelve months we have increased the level of support for local causes and we are currently reviewing the environmental impact of our packaging with a view to eliminating non-recyclable packaging.

As the Board of Directors, our intention is to behave responsibly and to ensure that management operate the business in a responsible manner, and within the high standards of business conduct and good governance expected for a business such as ours, and to nurture a reputation that reflects our responsible behaviour.

BUSINESS REVIEW, KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

The company's principal activities continue to be the design, manufacture and distribution of ladies underwear and swimwear. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account for the period on page 10, the company generated a pre-tax profit of £4,785,000 (2020: £585,000). The profit for the current year includes the release of an impairment provision of £2,200,000 related to an intercompany debtor from a fellow subsidiary. Underlying profitability excluding this item represented a satisfactory result given the unprecedented economic conditions arising from the Covid-19 pandemic.

The balance sheet reported on page 12 of the financial statements shows that the company's net asset position at 31 March 2021 of £26,570,000 increased by £4,378,000 (2020: £213,000) in the year, the company has also continued to maintain a strong cash position with cash balances increasing by £671,000 (2020: £2,316,000) in the year.

Profitability and cash balances are considered the key performance indicators.

The average number of employees for the company has decreased from 392 in 2020 to 363 in 2021.

During the year the impact of the Covid-19 pandemic saw turnover levels reduced with all the company's major markets being impacted by lockdowns of one form or another. Remaining demand was driven by ecommerce retailers and lingerie products, whereas the impact of lockdown on tourist travel heavily impacted swimwear demand. The operation aggressively reduced discretionary overhead costs and took advantage of available government assistance schemes in the wake of the lower sales demand.

As Governments began to relax the lockdowns in the key markets of the UK and continental Europe, and bricks and mortar retailers re-opened to consumers, demand has subsequently increased with consumer spending returning to more normal levels.

STRATEGIC REPORT (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure remains a continuing risk, but the company continues to focus on the development of its core brands to differentiate itself within the market place.

The company trades internationally and is exposed to translation and transaction foreign exchange risk. The Company uses foreign exchange forward contracts to hedge these exposures.

The Company trades within the European Union and works closely with other group companies which are based within the European Union. The impact of Brexit on the Company is beginning to be felt now that negotiations have finalised and the UK has left the EU. The board are closely monitoring the impact upon the Company and are taking necessary actions to control costs going forward.

GOING CONCERN

Management has produced forecasts that have also been sensitivity tested to reflect plausible downside scenarios which have been reviewed by the directors. These demonstrate that the company is forecast to generate profits and cash in the year ending 31 March 2022 and beyond, and that the company has sufficient cash reserves to enable it to meet its obligations as they fall due for a period of at least twelve months from the date of signing of these financial statements. As such, the directors are satisfied that the company has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing these financial statements.

Approved by the Board of Directors
and signed on behalf of the Board

V P Waylett
Director
27 September 2021

WACOAL EMEA LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2021.

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

Details of future developments and post balance sheet events can be found in the Strategic report on page 2 and form part of this report by cross-reference.

GOING CONCERN

Details of the going concern basis conclusions can be found in the Strategic report on page 3 and form part of this report by cross reference.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's Treasury Department seeks to reduce financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. It operates within policies and procedures approved by the Board of Directors of the ultimate parent company, Wacoal Holdings Corp, which include strict controls on the use of financial instruments in managing the Company's risk. The Company does not undertake any trading activity in financial instruments.

CASH FLOW RISK

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures.

CREDIT RISK

The Company's principal financial assets are bank balances and cash and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

LIQUIDITY RISK

The Company's activities expose it to liquidity risk. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses short term financing which is made available from group companies.

DIVIDENDS

A dividend of £nil (2020: £nil) was paid in the year. No dividends have been declared.

DIRECTORS

The directors who served throughout the year and up to the date of this report are set out on page 1. The Company, via another group undertaking, has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

EMPLOYEE INFORMATION

Employees are regularly informed of matters concerning the performance and future developments of the company. The board takes account of employees' interests when making decisions and suggestions from employees aimed at improving the company's performance are welcomed.

It is a policy of the company to give full and fair consideration to applications for employment made by disabled persons where particular job requirements are within their capabilities, and to provide opportunities for training, career development and promotion of disabled people. Should an employee become disabled while in the company's employment, training will be made available to enable them to continue in employment where possible.

WACOAL EMEA LIMITED

DIRECTORS' REPORT (CONTINUED)

EMPLOYEE ENGAGEMENT AND BUSINESS RELATIONSHIPS

Information regarding employee engagement and business relationships can be found in the strategic report under the heading Section 172 Statement and forms part of this report by cross reference.

STREAMLINED ENERGY & CARBON REPORTING (SECR)

Wacoal EMEA's greenhouse gas emissions, reportable under SECR in 2020/21 were **294** tonnes (2019/20 **528** tonnes) CO2e.

These include the emissions associated with UK electricity and natural gas consumption, and business travel in company and private vehicles by employees.

Greenhouse gas emissions

Figure 1 Greenhouse gas emissions by year (tonnes CO2e)

Emissions source	**2020/21**	**Share %**	**2019/20**	**Share %**
Fuel combustion: stationary	265	90%	238	45%
Fuel combustion: mobile	19	6.6%	113	21%
Purchased electricity	10*	3.4%	177	34%
Total emissions (tCO2e)	**294**	**100%**	**528**	**100%**
Revenue £m	43.8		59.4	
Intensity: (tCO2e per £m	**6.7**		**9.2**	

* Current year emissions figure for purchased electricity above reflects investment in a zero-carbon electricity tariff at all our sites from October 2019 onwards. In the terms of the Greenhouse Gas Protocol, this is called 'market-based' reporting - as opposed to 'location-based' reporting. The location-based reporting figure is 126, giving total emissions of 410 and intensity of 9.36 per £m turnover.

Figure 2 Greenhouse gas emissions by scope (tonnes CO2e)

Scope	**2020/21**	**Share %**	**2019/20**	**Share %**
1	284	96.6%	351	66%
2	-	-	163	31%
3	10	3.4%	14	3%
Total	**294**	**100%**	**528**	**100%**

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

Energy efficiency initiatives

The company has undertaken a project to proactively replace all lighting at its warehouse sites with energy efficient LED alternatives, regardless of the life span of the existing bulbs. In addition the business has replaced the coal heater at the Desborough Warehouse site and is in the process of replacing single glazed window units with uPVC double glazed window units. The company has also opened up its motor fleet policy to allow hybrids or fully electric vehicles to be selected.

WACOAL EMEA LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

V P Waylett
Director
27 September 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WACOAL EMEA LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Wacoal EMEA Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition, and specially the risk that there are manual adjustments made to revenue that override the recongition based on invoices raised through the sales subledger through the posting of inappropriate journals. We have profiled journals posted to revenue, to ensure that manual entries are valid and that revenue has been appropirate recognisd.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WACOAL EMEA LTD (CONTINUED)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Christopher Aylott FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

27 September 2021

WACOAL EMEA LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
TURNOVER	3	43,823	59,447
Cost of sales		(27,250)	(34,414)
Gross profit		16,573	25,033
Distribution costs		(12,273)	(16,633)
Administrative expenses (includes impairment release of intercompany receivable of £2,200k) (2020: charge £1,700k))		(1,438)	(7,899)
Other income (government grants CJRS)	4	1,906	-
		(11,805)	(24,532)
OPERATING PROFIT		4,768	501
Interest receivable		17	84
PROFIT BEFORE TAXATION	5	4,785	585
Tax on profit	6	(416)	(335)
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		4,369	250

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Profit for the financial year		4,369	250
Cash flow hedges			
Losses arising during the year	15	6	(70)
Currency translation difference on foreign currency net investments		(15)	33
Remeasurement of net defined benefit liability	18	18	-
Other comprehensive income/(expense)		9	(37)
Total comprehensive income		4,378	213

WACOAL EMEA LIMITED

BALANCE SHEET
As at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
FIXED ASSETS			
Investments	7	-	-
Intangible assets	8	13	31
Tangible assets	9	5,956	6,388
		5,969	6,419
CURRENT ASSETS			
Stocks	10	18,015	19,760
Debtors	11	17,803	9,285
Cash at bank and in hand		21,866	21,194
		57,684	50,239
CREDITORS: amounts falling due within one period	12	(37,083)	(34,466)
NET CURRENT ASSETS		20,601	15,773
NET ASSETS EXCLUDING PENSION LIABILITY		26,570	22,192
Pension liability	18	-	-
NET ASSETS		26,570	22,192
CAPITAL AND RESERVES			
Called up share capital	14	250	250
Revaluation reserve	14	556	556
Profit and loss account	14	25,764	21,386
TOTAL SHAREHOLDERS' FUNDS		26,570	22,192

Company Registration number: 00171167

These financial statements were approved by the Board of Directors and authorised for issue on 27 September 2021

Signed on behalf of the Board of Directors

G. M. Embley

G M Embley

Director

STATEMENT OF CHANGES IN EQUITY
As at 31 March 2021

	Called-up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2019	250	556	21,173	21,979
Profit for the financial year	-	-	250	250
Loss on derivatives designated as hedges	-	-	(70)	(70)
Currency translation on net investment	-	-	33	33
Remeasurement of net defined benefit liability	-	-	-	-
Total comprehensive income	-	-	213	213
At 31 March 2020	250	556	21,386	22,192
Profit for the financial year	-	-	4,369	4,369
Gain on derivatives designated as hedges	-	-	6	6
Currency translation on net investment	-	-	(15)	(15)
Remeasurement of net defined benefit liability	-	-	18	18
Total comprehensive income	-	-	4,378	4,378
At 31 March 2021	250	556	25,764	26,570

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Wacoal EMEA Ltd is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Wacoal EMEA Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Wacoal EMEA Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. This company is included in the consolidated financial statements of Wacoal Holdings Corp. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

Management has produced forecasts that have also been sensitivity tested to reflect plausible downside scenarios, which have been reviewed by the directors. These demonstrate that the company is forecast to generate profits and cash in the year ending 31 March 2022 and beyond, and that the company has sufficient cash reserves to enable it to meet its obligations as they fall due for a period of at least twelve months from the date of signing of these financial statements. As such, the directors are satisfied that the company has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing these financial statements.

Turnover

Turnover is stated net of VAT and discounts and is recognised when goods are delivered and the risks and rewards of ownership have transferred to the customer.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Intangible fixed assets

Intangible fixed assets represent amounts paid for licences to use a third party's design research and to sell branded products. Amortisation is provided on cost in equal annual instalments over the estimated useful life of the assets, as follows:

Design licences	20% per annum
Brand licences	10% per annum

Tangible fixed assets

The company's policy is to carry all assets at historical cost. Prior to the adoption of FRS 102, freehold land and buildings were held at fair value and periodically revalued. As permitted by the FRS 102 tranisition rules, the fair value at the date of transition was taken its deemed cost.

1. ACCOUNTING POLICIES (Continued)

Tangible fixed assets (continued)

Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful lives of the assets. Freehold land is not depreciated. The rates of depreciation are as follows:

Freehold buildings	1% per annum
Plant and machinery	15% per annum
Motor vehicles	33.33% per annum
Fixtures, fittings, tools and equipment	25% per annum
Office and computer equipment	25% per annum
ERP Software	14.29% per annum

Assets under construction are capitalised as costs are incurred and carried at cost with no depreciation provided until they are brought into use.

Impairment

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The fair value of the Company's fixed assets is estimated using the discounted future cash flows of the assets based upon a rate that approximates the Company's weighted-average cost of capital. Estimates of future cash flows are based upon experience, knowledge and third-party advice or market data. However, these estimates can be affected by factors such as economic conditions that can be difficult to predict.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

1. **ACCOUNTING POLICIES (Continued)**

Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currencies

Transactions denominated in foreign currencies are translated at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at period end rates. Exchange gains and losses are dealt with in the profit and loss account.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Related party transactions

The company has taken advantage of the exemption granted by paragraph 33.1A of FRS 102, Related Party Disclosures, from the requirements to disclose transactions with other group undertakings where 100% of the voting rights are controlled within the group.

Consolidation

The company's financial statements present information about it as an individual undertaking and not about its group. The company has taken advantage of the exemption granted by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements in the current period.

1. ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

1. ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Hedge accounting

The Company designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Group determines and documents causes for hedge ineffectiveness.

Note 15 sets out details of the fair values of the derivative instruments used for hedging purposes.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

Inventory obsolescence

In making the estimate of provisions for inventory obsolescence, management has considered the detailed criteria for the provision of inventory balances set out in FRS 102 Section 13 Inventories and, in particular, whether the inventory is valued at the lower of cost and the net realisable value.

Recoverability of intercompany balances

Where other group companies have insufficient liquidity or assets to repay intercompany balances, the ability to repay is estimated using estimate of future cash flows discounted at rate that approximates the Company's weighted-average cost of capital. Estimates of future cash flows are based upon experience, knowledge and third-party advice or market data. However, these estimates can be affected by factors such as economic conditions that can be difficult to predict.

There are not considered to be any critical accounting judgements.

3. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit, is attributable to the principal activity of the company.

The analysis of turnover by geographical market is:

	31 March 2021 £'000	31 March 2020 £'000
United Kingdom	21,106	30,314
Rest of Europe	14,328	19,026
America	3,625	4,997
Africa	410	319
Asia	44	53
Australasia	3,829	3,859
Middle East	481	879
	43,823	59,447

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	31 March 2021 Number	31 March 2020 Number
Directors emoluments		
Emoluments including benefits in kind	294	156
Pension contributions	19	9
	313	165

Five of the directors received no remuneration for their services to this company in 2021 (2020: 5).

The total emoluments of the highest paid director in the period were £169,000 (2020: £143,000). The accrued pension benefit attributable to the highest paid director was £nil (2020: £nil).

	31 March 2021 Number	31 March 2020 Number
Directors who are active members of defined benefit pension scheme	-	-
Average number of persons employed		
Production	101	109
Sales and distribution	201	216
Administration	61	67
	363	392

	£'000	£'000
Staff costs during the period (including directors)		
Wages and salaries	9,116	9,960
Social security costs	982	1,152
Other pension costs (note 18)	369	403
	10,467	11,515

In the current year, Government grants of £1,906k were received in respect of the UK Government's Job Retention Scheme to provide immediate financial support as a result of the Covid-19 pandemic. These grants have been recognised as other income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

5. PROFIT BEFORE TAXATION

	31 March 2021 £'000	31 March 2020 £'000
Profit before taxation is stated after charging/(crediting):		
Amortisation	18	21
Depreciation of tangible fixed assets		
Owned assets	1,017	957
Foreign exchange losses /(gains)	139	(168)
Impairment (release)/charge against amounts owed by fellow subsidiary companies	(2,200)	1,700
Rentals under operating leases:		
Hire of plant and machinery	4	1
Other operating leases	457	490
Auditor's remuneration		
Audit fees	52	50
Non-audit fees	11	17

A more detailed analysis of auditor's remuneration is provided below:

	31 March 2021 £'000	31 March 2020 £'000
Fees payable to the company's auditor:		
- for the audit of the company's annual financial statements	52	50
- tax compliance services	5	12
- in respect of the audit of an associated pension scheme	6	5

6. TAX ON PROFIT

a) Analysis of tax charge in the year:

	31 March 2021 £'000	31 March 2020 £'000
Current taxation		
United Kingdom corporation tax at 19% (2020: 19%) based on the taxable profit for the year	414	281
Adjustment in respect of prior periods		
- UK	(103)	63
- Overseas	56	(56)
Total current taxation	367	288
Deferred taxation (note 13)		
Changes in tax rates	-	(16)
Adjustment in respect of previous periods	23	(27)
Origination and reversal of timing differences	26	90
Total deferred taxation	49	47
Tax on profit on ordinary activities	416	335

b) Factors affecting current tax charge in the year:

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Profit before tax	4,785	585
Tax on profit at standard UK corporation tax rate of 19% (2020: 19%)	909	111
Effects of:		
Expenses not deductible for tax purposes	11	19
Other adjustments	-	(127)
Higher tax rates on overseas earnings	57	37
Adjustments to tax charge in respect of previous periods	(79)	63
Transfer pricing adjustment	(64)	(91)
Non-cash adjustment*	(418)	323
Total tax charge for the year	416	335

* the non-cash adjustment relates to an impairment (release)/provision of an intercompany balance

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. In the March 2020 budget (substantively enacted on 17 March 2020) it was announced that the UK tax rate will remain from 1 April 2020 at the current 19% and not reduce to 17%. It was announced in the 3 March 2021 Budget that the standard rate of corporation tax in the UK will increase from 19% to 25% with effect from April 2023. This was substantively enacted on 24 May 2021.The deferred tax asset/liability as at 31 March 2020 has been calculated based on 19%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

7. INVESTMENTS

	Shares in subsidiaries £'000
Cost	
At 1 April 2020 and 31 March 2021	-
Net book value	
At 31 March 2020 and 31 March 2021	-

Interests in subsidiaries

	Country of registration and operation	Activity	Registered address	Portion of ordinary shares held
Wacoal Australia PTY Limited	Australia	Distribution of ladies underwear and swimwear	3/169 Pascoe Vale Road Moonee Ponds, Victoria Australia 3039	100%

8. INTANGIBLE FIXED ASSETS

	Licences £'000
Cost	
At 1 April 2020 and 31 March 2021	378
Accumulated amortisation	
At 1 April 2020	347
Charge for the year	18
At 31 March 2021	365
Net book value	
At 31 March 2021	13
At 31 March 2020	31

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Office and computer equipment £'000	Motor vehicles £'000	Fixtures, fittings, tools and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation							
At 1 April 2020	2,507	217	7,866	15	1,390	1,012	13,007
Additions	-	-	95	-	-	490	585
Transfers	160	30	251	-	75	(516)	-
Disposals	-	-	-	-	-	-	-
At 31 March 2021	2,667	247	8,212	15	1,465	986	13,592
Accumulated depreciation							
At 1 April 2020	209	175	4,958	15	1,262	-	6,619
Charge for the year	27	16	855	-	119	-	1,017
Disposals	-	-	-	-	-	-	-
At 31 March 2021	236	191	5,813	15	1,381	-	7,636
Net book value							
At 31 March 2021	2,431	56	2,399	-	84	986	5,956
At 31 March 2020	2,298	42	2,908	-	128	1,012	6,388

Freehold land and buildings were professionally revalued, on the basis of existing use as at 30 June 2012, by Barnes Nobel Edwards Limited, Chartered Surveyors. The assets are held at this revaluation as deemed cost. Comparable amounts for freehold land and buildings according to the historical cost convention are as follows:

	£'000
Cost	
At 1 April 2020 and 31 March 2021	1,881
Accumulated depreciation	
At 1 April 2020	302
Charge for the year	19
At 31 March 2021	321
Net book value	
At 31 March 2021	1,560
At 31 March 2020	1,579

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

10. STOCKS

	31 March 2021 £'000	31 March 2020 £'000
Raw materials and consumables	26	75
Work-in-progress	515	467
Finished goods and goods for resale	17,474	19,218
	18,015	19,760

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2021 £'000	31 March 2020 £'000
Trade debtors	3,378	4,915
Amounts owed by fellow subsidiary companies (unsecured, interest free and repayable on demand)	12,330	1,660
Other debtors	1	1
Prepayments and accrued income	2,030	2,627
Deferred tax asset	-	24
Derivative asset (note 15)	64	58
	17,803	9,285

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2021 £'000	31 March 2020 £'000
Trade creditors	3,987	3,041
Amounts owed to parent company *	26,091	23,966
Amounts owed to fellow subsidiary companies *	2,104	1,839
Amounts owed to related parties (note 17)	-	1,717
Amounts owed to group companies *	755	208
Current corporation tax	347	240
Deferred tax liability	25	-
Other taxes and social security	1,231	382
Accruals and deferred income	2,543	3,073
	37,083	34,466

*Amounts owed to parent company, fellow subsidiaries, and other group companies are unsecured, interest free and repayable on demand

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

13. DEFERRED TAXATION

	£'000	£'000
Balance at 1 April 2020 (note 11)	24	71
Current year charge	(49)	(47)
Balance at 31 March 2021 (note 12)	(25)	24

The amounts provided in the financial statements and the amounts not provided are as follows:

	Provided		Not provided	
	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Capital allowances in advance of depreciation	(37)	(27)	-	-
Other short term timing differences	12	51	-	-
	(25)	24	-	-

The company's freehold property has been revalued in accordance with FRS 102. It is the company's intention to retain the property for the foreseeable future. Deferred tax totalling £137,000 (2020: £137,000) has not been provided on the gains arising from the revaluation as such tax would only become payable if the property were sold without rollover relief being obtained. Deferred tax totalling £243,000 (2020: £243,000) has not been provided on gains arising from the sale of property in prior periods as such tax would only become payable if the property were sold without rollover relief being obtained.

14. CALLED UP SHARE CAPITAL AND RESERVES

	31 March 2021 £'000	31 March 2020 £'000
Called up, allotted and fully paid		
1,000,000 ordinary shares of 25p each	250	250

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which were revalued to fair value in 2012.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Current		Non-current	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Derivatives that are designated and effective as hedging instruments carried at fair value	64	58	-	-
Assets (note 11)				
Forward foreign currency contracts	64	58	-	-
	64	58	-	-

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2021	2020	2021	2020	2021	2020
	rate	rate	£'000	£'000	£'000	£'000
Euro – less than 1 year	1.17	1.14	1,472	2,106	(64)	(19)
USD – less than 1 year	-	1.28	-	2,601	-	77
			1,472	4,707	(64)	58

The Company has entered into contracts to purchase goods in US Dollar amounts and to sell goods in Euros. The Company has entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges. The hedged cash flows are expected to occur and to affect profit or loss within the next financial year.

Gains of £6,000 (2020: losses £70,000) were recognised in other comprehensive income.

16. FINANCIAL COMMITMENTS

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021		2020	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
- within one year	66	171	230	197
- between one and five years	10	111	71	115
	76	282	301	312

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2021

17. PARENT COMPANY AND CONTROLLING PARTY

In the opinion of the directors the company's ultimate parent undertaking and controlling party is Wacoal Holdings Corp., which is incorporated in Japan. The largest and smallest group of which the company is a part, for which group financial statements are prepared is Wacoal Holdings Corp, registered address 29, Nakajima-cho, Kisshoin, Minami-ku, Kyoto 601-8530, Japan. The immediate parent company is Wacoal Europe Ltd.

18. PENSIONS

Defined benefit schemes

The company operates a defined benefit scheme the Eveden Limited Pension and Life Assurance Scheme. The scheme was closed to future accrual with effect from 30 June 2006. The assets of the scheme are held in separate trustee administered funds.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 March 2021. The key assumptions were:

	Valuation at 2021 %	2020 %
Key assumptions used:		
Discount rate	2.2	2.4
Future pension increases	3.7	3.5
Inflation – RPI	3.3	2.8
Inflation – CPI	2.6	1.9

The assumed life expectations on retirement at age 65 are:

	Valuation at 31 March 2021 periods	31 March 2020 Periods
Retiring today:		
Males	85.2	86.0
Females	87.5	88.2
Retiring in 20 years:		
Males	86.5	87.3
Females	88.9	89.6

Mortality assumptions used are in accordance with the standard mortality tables PNMA00 and PNFA00, appropriate to each individuals year of birth, with the long cohort improvements and subject to a minimum rate of improvement of 1% p.a.

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	31 March 2021 £'000	31 March 2020 £'000
Amounts charged to operating profit:		
Past service charge	18	-
	18	-

Actuarial losses have been reported in the statement of comprehensive income, the total result for the year is £0 (2020: £0). The actual return on scheme assets was a gain of £280,000 (2020: loss £128,000).

18. PENSIONS (CONTINUED)

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	31 March 2021 £'000	31 March 2020 £'000
Present value of defined benefit obligations	(1,222)	(1,131)
Fair value of scheme assets	1,807	1,597
	585	466
Effect of asset ceiling	(585)	(466)
Net liability recognised in the balance sheet	-	-

Remeasurements recognised in other comprehensive income

	31 March 2021 £'000	31 March 2020 £'000
Remeasurement of defined benefit obligation	116	(19)
Actual return on plan assets, excluding interest income	(242)	171
Change in effect of the asset ceiling	108	(152)
Total recognised in Other Comprehensive Income	(18)	-

Movements in the present value of defined benefit obligations were as follows:

	31 March 2021 £'000	31 March 2020 £'000
At 1 April 2020	1,131	1,122
Interest cost	27	28
Remeasurement of defined benefit obligation	116	(19)
Benefits paid	(70)	-
Past service costs	18	-
At 31 March 2021	1,222	1,131

18. PENSIONS (CONTINUED)

Movements in the fair value of scheme assets were as follows:

	31 March 2021 £'000	31 March 2020 £'000
At 1 April 2020	1,597	1,725
Interest income	38	43
Actual return on plan assets, excluding interest income	242	(171)
Benefits paid	(70)	-
At 31 March 2021	1,807	1,597

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	31 March 2021 £'000	31 March 2020 £'000
Gilts	632	639
Equities	867	623
Other assets	308	335
	1,807	1,597

The expected rate of return on plan assets is determined as follows:

Gilts:	The yield on the FTSE Actuaries 15 period gilt index
Corporate bonds:	The yield on the iBoxx £ Corporate AA 15+ index
Equity:	The above gilt yield plus 3.5% p.a.
Cash:	Bank of England base rate

Defined contribution schemes

Included in the profit and loss account for the period are £369,000 (2020: £403,000) of costs related to defined contribution schemes operated by the company.