

The Group has comprehensive planning, budgeting, forecasting and monthly reporting processes in place. A summary of Group financial results supported by commentary and performance measures is provided to the Board each month.

In relation to the preparation of the Group financial statements, the controls in place include:

- ♦ a centre of expertise responsible for reviewing new developments in reporting requirements and standards to ensure that these are reflected in Group accounting policies;
- ♦ a dedicated finance governance team who are responsible for developing the Group's financial control processes and procedures and implementing them across the Group; and
- ♦ a global finance structure consisting of employees with the appropriate expertise to ensure that Group policies and procedures are correctly applied. Effective management and control of the finance structure is achieved through the finance leadership team, consisting of key finance employees from the regional and corporate centre.

The reporting process is supported by transactional and consolidation finance systems. Reviews of the applications of controls for external reporting purposes are carried out by senior finance management. The results of these reviews are considered by the Board as part of its monitoring of the performance of controls around financial reporting.

The Audit Committee reviews the application of financial reporting standards and any significant accounting judgements made by management.

### Control environment

The Group's business model is based on a central design, supply chain and distribution operation to source products to global markets, via retail and wholesale channels. This is reflected in the internal control framework which includes central direction, resource allocation, oversight and risk management of the key activities of marketing, inventory management, brand and technology development. This includes central support in relation to legal, human resources, information systems and financial practice.

The Group has established procedures for the delegation of authorities to ensure that approval for matters that are considered significant is considered at an appropriate level, either because of their value or the impact on the Group. In addition the Group has policies and procedures in place that are designed to support risk management across the Group. These authorities, policies and procedures are being kept under review as the Group continues to grow. These include policies relating to treasury, the conduct of employees and third parties with which the Group conducts business and prohibiting bribery and corruption, amongst others.

### Accountability and audit

The Board is required to present a balanced and understandable assessment of the Group's position and prospects in the Annual Report and in interim and other public reports. The Board is satisfied that it has met this obligation. A summary of the directors' responsibilities for the financial statements is set out on page 94 and includes a statement regarding the Group's status as a going concern as required by the UK Corporate Governance Code. The Report of the Auditors on page 95 includes a statement by the auditors concerning their reporting responsibilities.

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### Report of the Audit Committee

Dear Shareholder,

The role of the Audit Committee is to monitor the integrity of financial information and to provide assurance to the Board that the Company's internal controls and risk management systems are appropriate and regularly reviewed.

The Committee continues to focus on ensuring that the Group's systems and controls are operating effectively, are evolving in line with the Group's growth and are responsive to the demands of the external operating environment. This will remain a priority for the coming year.

In addition to the usual work of the Committee (as set out below), during the year the Committee focused on other matters, including:

- ♦ evaluating and taking into account any movements in Group risks when considering budgets and forecasts that support going concern and impairment assessments;
- ♦ monitoring and seeking assurance that any effects on the Group's business arising from the volatility in the economic environment (including supply of credit, bad debtors and reliance on key vendors) are being closely monitored;
- ♦ monitoring and seeking assurance of the continual improvement of the risk and control environment across the Group;
- ♦ considering Internal Audit and Risk Assurance findings and recommendations, and monitoring management responses and progress on implementing remedial actions;
- ♦ monitoring the establishment of the Group's anti-bribery and anti-corruption policies and procedures and the on-going evolution of these against best practice; and
- ♦ considering the risks of the Group's dependency on digital technology and Group policies to mitigate these risks.

As a Committee we are fortunate that we benefit from a constructive and open relationship with management and we thank them for their assistance during the year.

### Philip Bowman

Chairman, Audit Committee

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