Registered number 00042342

Liberty Retail Limited

Annual Report and Financial Statements

For the 52 week period ended

1 February 2020

OFFICERS AND PROFESSIONAL ADVISORS

Directors

Adil Mehboob-Khan
Robert Unsworth

Registered Address

210-220 Regent Street
London
W1B 5AH

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Barclays Bank PLC
Level 27
1 Churchill Place
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E14 5HP

Solicitors

Burness Paul
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STRATEGIC REPORT
for the 52 week period ended 1 February 2020

Principal activities

The principal activities of Liberty Retail Limited (the "Company") are and will continue to be the retailing of luxury fashion, homeware, gift and beauty products from the Liberty Flagship Store on Great Marlborough Street, London (the "Flagship Store") and online through the Liberty website.

Business review and future developments

Internal refurbishment of the Flagship Store continued this year with refreshes of the Dress Fabrics and Fragrance areas. Back of house areas also saw improvements, the major projects being a new employee canteen and relocation of the web despatch area.

Significant investments have also been made in relation to the external refurbishment of the Flagship Store (a multiyear project) and to the Company's IT capabilities.

Liberty Online saw significant growth on the prior period due to improvements in logistics processes, website functionality, stock range and availability.

Liberty Retail continues to run the 140 year old Liberty Retail business profitably in its iconic tudor building on Great Marlborough Street, London (the "Flagship" store) and online. No changes are expected to the principal activities of the Company.

The business, post the balance sheet date of 1st February 2020, has been impacted by the global pandemic of COVID 19. Information regarding the risks to the business generating from COVID-19 are explained below in the principal risks and uncertainties section.

The results achieved for the period are set out on page 11 of the financial statements.

Key performance indicators

The Directors use a number of KPIs which they consider to be effective in measuring delivery of their strategy, and which assist in the management of the business.

They assess store performance by monitoring changes in sales, margins and profitability. The main measure of profitability is EBITDA (earnings before interest, tax, depreciation and amortisation). EBITDA for the period ending 1 February 2020 was £(1.7)m (2019: £12.4m). Management EBITDA (after adjusting for non-recurring items) was £14.4m (2019: £13.7m).

At the end of the period the Company had net assets of £26.1m (2019: £34.1m) and Flagship sales per square foot of £1,309 (2019: £1,234).

Principal risks and uncertainties

Changes in fashion trends

The Company is focused on service delivery to ensure that the product provided matches customer preferences. Liberty is dependent upon its ability to interpret and offer fashion products that consumers wish to purchase and, noting the long lead times before product is available for sale in the store, this could cause an adverse impact on the Company's revenues and profitability.

Reliance on reputation of the Liberty brands

If an event occurred that materially damaged the reputation of any of the group's core brands or there was a failure to sustain the appeal of the Group's brands to its customers, this could have an adverse impact on revenues and resultant shareholder value.

Should the Group become aware of any trademark or copyright infringement, steps are taken to enforce the Group's legal right in relation to that infringement.

Potential uninsured product liability claims

Many manufacturers and retailers are potentially vulnerable to product liability claims. The Company conducts regular reviews with its external insurance agent to assess potential insurance risk and to ensure that adequate product and public liability insurance is in place. The Company could also face liability and/or reputational damage relating to counterfeit products. Accordingly, the Company pursues all copyright and trademark infringement to the extent necessary to protect its intellectual property rights.

Principal risks and uncertainties (continued)

Technology and systems disruption adversely affecting the Company's efficiency

To varying degrees, the Company is reliant upon information technologies and systems for the running of its businesses, particularly those which are highly integrated with business processes. Any disruption to those technologies or systems could adversely affect the efficiency of the business.

An Information Security Management System (ISMS) is in place to address the governance, risk and compliance of information security and information technology.

The Company is committed to having the correct systems and processes in place to support the Company's strategic objectives and is investing in systems and security to support this development. These improvements in information technologies and systems are being funded through operational cash flows.

Pension scheme shortfalls

The Liberty Retail Limited Pension Scheme ("the Scheme"), which is a defined benefit pension scheme, has a net asset value of £2,343,000. If the value of the Scheme assets were to decline materially relative to its liabilities, the Scheme may show a deficit and the Company may be required to make additional contributions to cover this shortfall. This would have an adverse impact on cash flow available to the Company, with resultant adverse effects on the cash flow and net worth of the Company.

Management and Pension Scheme Trustees meet regularly and have a defined investment strategy linked to the longevity of its members and future liabilities of the scheme that is ideally designed to respond to changes in the market and to underpin its financial performance. They also receive advice from external actuaries and investment advisers to assist in mitigating this risk through the Scheme's diversified investments and risk minimisation strategy.

COVID 19 - Group and Company Impact

Business performance was negatively affected by COVID-19 from March 2020. A COVID-19 response team consisting of senior executive team members was constructed to assess the short, medium and long term impact on the business. The response team continues to assess a range of scenarios and perceived risks along with their projected impact on the business with the ultimate aim of ensuring the Group has sufficient liquidity to operate through these unprecedented times and to meet all contractual and legal requirements.

The areas of focus covered the following:

Demand

The Group has experienced varying levels of demand across all divisions.

The Flagship store closed on 21 March and reopened on 15 June 2020. Since reopening, the store has been operating within social distancing guidelines and central London has experienced significantly reduced levels of footfall. The online business has experienced a significant increase in demand in response to store closures however this demand has not fully offset the impact of closing the store.

Footfall in the Flagship is derived from three core sources, international tourists, visitors to London for social activities and the local working and residential population. Management expect international tourism to be severely impacted in the medium term, and short term demand to be predominantly dependent on the remaining areas. Any change in government policy to control the future spread of COVID-19 will likely have an impact on these areas of demand. Specifically, the new national lockdown between 5 November 2020 and 2 December 2020 has resulted in the forced closure of the Flagship store.

The ongoing demand for Liberty fabrics could be impacted by the financial health and recovery of its customers. As Liberty Fabric Limited sells to businesses 6-12 months before the finished product is due to be sold to end consumers, reduced demand could materialise in the medium to long term as businesses potentially scale back operations in response to COVID-19.

Principal risks and uncertainties (continued)

Supply Chain

Where the Retail business sells non-Liberty branded products it is reliant on the ongoing supply from international brands. The underlying risk of these brands facing liquidity issues or scaling back their own business operations could result in a shortage in supply of existing products and a reduction in the innovation of new products.

Supply issues encountered during the height of the pandemic were restricted to a small cross section of suppliers and resulted in delays of one month, on average, rather than shortages. Management do not anticipate a material exposure to the supply chain given its diversity and lack of reliance on any single key supplier.

The supply chain of the Fabrics division was negatively impacted between March and May 2020 ('the initial lockdown period') due to reduced operational capacity of Olonia and the distribution centre, both located in Northern Italy. Olonia was granted a special dispensation from the Italian government to remain open and continue operating throughout this period. Both sites have now returned to normal operating levels and have printed and delivered the majority of orders that would have been fulfilled during the initial lockdown period. Management anticipate the supply chain risk in the event of another national quarantine is that of increased lead times to fulfil orders rather than material cancellations of orders. The regional lockdowns in Italy initiated in November have not impacted operations to date.

Cash Management and New Finance

Cashflow forecasts projecting multiple scenarios were considered by senior executives of the Group to fully understand short and medium term liquidity. The Group was projected to experience a shortfall in liquidity and breach financial covenants associated with its existing debt facility in July 2020.

The Directors reviewed the budgeted investments and expenditure and where possible, either renegotiated, delayed or cancelled any planned investments or non-contractual expenditure which was not deemed business critical to core operations.

The Directors of the Group engaged with its existing lenders to obtain additional financing in the medium term; the Group qualified for the UK government Coronavirus Large Business Interruption Loan Scheme ("CLBILS") and as such has now entered into an agreement from 2 July 2020 for an additional Credit Facility of £15,000,000 to be repaid over a 3 year period. The leverage covenant requirements have been waived until April 2022 and have been reset from this date to accommodate the new debt profile of the Group. A Group minimum liquidity covenant remains in place and has been increased from £3,000,000 to £4,000,000.

A further £5,000,000 has been contractually committed by shareholders and may be called upon in the event of the group being unable to meet its future commitments and liabilities, specifically if a breach in financial covenants were to be forecast.

Going Concern

The uncertainty as to the future impact on the Group of the COVID-19 outbreak has been considered as part of the Group's and Company's adoption of the going concern basis.

As a result of the additional CLBILS finance and shareholder equity commitment, the Directors of the Group confirm they have a reasonable expectation the Group will be able to continue in operation and meet its liabilities as they fall due over the period. As demand remains uncertain, downside scenario analysis has been performed to allow the Directors of the Group to consider the potential impact of further demand disruptions as a result of COVID-19 on the Group's results and the potential to breach the liquidity covenant.

Were COVID-19 level of demand to continue and not recover for twelve months from the date of signing these Financial Statements, the Directors of the Group remain confident that actions they control, such as the ability to reduce cost and capital expenditure, would avoid a liquidity shortfall and/or a breach of the liquidity covenant. However, if in addition there was a forced closure of the Flagship for three months during the peak Christmas trading period, being October through to January, the liquidity covenant would be at risk of a breach, with further waivers and additional funding required. The national lockdown between 5 November 2020 and 2 December 2020 and the forced closure of the Flagship store in this period has therefore been encompassed within the specific downside scenario. The furlough scheme has been extended throughout the November lockdown period; the downside scenario models do not include any government support.

The specific downside scenario detailed above indicates the existence of a material uncertainty which may cast significant doubt about the Group's and therefore Company's ability to continue as a going concern. The Company Financial Statements have been prepared on a going concern basis in view of the fact the parent undertaking Liberty Zeta Limited, has formally indicated, in writing, its commitment to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least the next twelve months. These Financial Statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

Principal risks and uncertainties (continued)

Economic, political, social and regulatory changes adversely affecting the Group's financial performance

The Company is exposed to the risks of global and regional adverse political, economic and financial market developments (including recession, inflation and currency fluctuations), that could lower the Company's revenues and operating results in the future.

The Company's results could also be adversely affected by events that reduce domestic or international travel, such as actual or threatened acts of terrorism or war, epidemics, travel-related accidents or industrial action, increased transportation and fuel costs and natural disasters.

S.172 reporting

The Directors, in line with their duties under s172 of Companies Act, act in good faith in promoting the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making long term decisions. Illustrations of how s172 factors have been applied throughout these financial statements, as evidenced in the examples.

The Directors have considered the principal risks of the Company (page 1) and have obtained long term funding to support the growth and success of the Company. The Directors have considered the interests of the Company's employees (page 5). The Directors recognise the importance of strong relationships with suppliers, customers and other key stakeholders (page 2). The Directors acknowledge of the importance of the Company within the community and environment and also endeavour to maintain the high standards of business conduct that are paramount to the Company's success.

The Directors operate fairly and in the interest of the Company and will continue to do so. Please refer to the Liberty Zeta Group accounts for further information.

On behalf of the board

Robert Unsworth
Director
210-220 Regent Street
London W1B 5AH

24 November 2020

DIRECTORS' REPORT
for the 52 week period ended 1 February 2020

Introduction

The Directors present their report and the audited financial statements of Liberty Retail Limited for the 52 week period ended 1 February 2020 (the "period"). Liberty Retail Limited is a private limited company incorporated in England and Wales. Future developments have been outlined in the strategic report.

Directors

The Directors who held office throughout the period and up to the date of signing this report were:

Marco Capello (resigned 7 August 2020)
Emilio Di Spiezio Sardo (resigned 7 August 2020)
Marco Anatriello (resigned 7 August 2020)
Adil Mehboob-Khan
Robert Unsworth

Directors' indemnities

The Company maintains Directors' and Officers' qualifying third party indemnity insurance, which provides appropriate cover for any legal action brought against its Directors. Qualifying indemnity insurance was in force throughout the period and remains in force as at the date of signing the financial statements.

Preference Share Capital

During the period, the Company bought back 225,701 9.5% preference shares for a total consideration of £112,851. All 9.5% preference shares are held by Liberty Retail.

Dividends

The Directors do not recommend the payment of a dividend (2019: £nil).

Financial risk management

The Directors' financial risk management objective is to maximise financial assets and minimise financial liabilities whilst not engaging in speculation. The financial risks faced by the company are listed below.

Foreign exchange fluctuations

The Company pays a significant proportion of its purchases in foreign currency. Liberty Zeta Limited, the Company's ultimate parent company, mitigates the effect of adverse movements in exchange rates on a group basis by matching purchases with the currency of sales receipts elsewhere in the Liberty Zeta Limited Group (the "Group").

Financial market volatility adversely affecting the Company's financial performance

Most of the risks faced by the Company at the date of this report emanate from the volatility of financial markets, the resultant reduction in supply of credit and its significant increase in cost. In addition, liquidity risk affects the company, in that this could result in it being unable to meet its financial obligations as they fall due. The Directors' approach to managing liquidity is to ensure, as far as possible, that the Company has sufficient liquidity to meet its liabilities, without incurring unacceptable losses or risking damage to the Company's reputation and business.

Tax

The Company is exposed to financial risks from increases in tax rates and changes in the basis of tax, including corporation tax and VAT. The engagement of experienced executives within the Company and by its parent undertakings to handle these matters enhances the protection to the Company in this area of its activities. The Company also maintains a regular monitoring of legislative proposals and undertakes detailed analysis and review with external (non-audit related) advisers to evaluate and, if possible, mitigate the impact of the changes.

Employment

It is the Liberty Group (the "Group") policy to keep employees informed of the strategy, activities and financial performance of the Group and to encourage them to take a wider interest in its affairs. This is achieved in a variety of ways, including electronic media, operational reporting, personal and Group briefing sessions, as well as consultation with employees or their representatives on a regular basis so that their views can be taken into account in making decisions likely to affect their interests. Communication is supplemented by "'Yammer", an enterprise social network and the quarterly "Liberty Forum" led by the senior management team.

Employment (continued)

The health and safety of employees is important to the Group. This is reviewed from time to time and also in light of good practice and developing legislation.

The Group is an equal opportunities employer and is committed to developing a working culture which enables all employees to make their own distinctive contribution. Employment policies are designed to be fair, equitable and consistent with the abilities of the employees and the needs of the Group. Applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of any member of staff becoming disabled, effort would be made to enable their employment with the Group. It is the policy of the Group that the training, development and promotion of disabled persons should, as far as possible, be the same as to that of other employees.

Political donations

The Company made no political donations during the period (2019: £nil).

Charitable donations

The Company made no charitable donations during the period (2019: £29,000).

Going concern

The Financial Statements have been prepared on a going concern basis in view of the fact the parent undertaking Liberty Zeta Limited, has formally indicated, in writing, its commitment to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least the next twelve months from the date of signing these Financial Statements.

The Directors of the Group confirm that having reviewed the Group's cash requirements for a period of 12 months from the date of signing these Financial Statements, they have a reasonable expectation that the Group has adequate resources to continue in operational existence and to meet their liabilities as and when they fall due. The Directors of the Company have accordingly adopted the going concern basis in preparing these Financial Statements.

As detailed in the Strategic Report and Note 1, a specific downside scenario considered by the Directors of the Group indicates the existence of a material uncertainty which may cast significant doubt about the Group's and therefore the Company's ability to continue as a going concern. Please refer to the Strategic Report and Note 1 for further information.

These Financial Statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP were auditors of the Company for the period ended 1 February 2020 and have expressed their willingness to continue in office.

On behalf of the Board

Robert Unsworth
Director
210-220 Regent Street
London W1B 5AH

24 November 2020

STATEMENT ON DIRECTORS' RESPONSIBILITIES
for the 52 week period ended 1 February 2020

Statement on Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial 52 week period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY RETAIL LIMITED
for the 52 week period ended 1 February 2020

Report on the audit of the financial statements

Opinion

In our opinion, Liberty Retail Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 1 February 2020 and of its loss for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 1 February 2020; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is reliant on funding from the Liberty Zeta Limited group ("the group") to carry out its operations. The group's financial statements for the period ended 1 February 2020 included a material uncertainty related to going concern which also impacts the company. In the event of a downside scenario beyond the group's current forecast, involving further significant business disruption due to the impact of COVID-19 and related government responses, specifically a three month closure of the flagship store between November 2020 and January 2021, there is a risk that the group could be in breach of its financial covenant, whereby the group must maintain £4 million of liquidity at all times. Whilst under such a scenario the group and company expect to retain adequate liquidity headroom, this potential covenant breach gives lenders the power to require immediate payment of its facilities that, if required, would cast significant doubt about the company's ability to continue as a going concern. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 1 February 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement on Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY RETAIL LIMITED
for the 52 week period ended 1 February 2020

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 November 2020

INCOME STATEMENT
for the 52 week period ended 1 February 2020

	Note	52 week period ended 1 February 2020	52 week period ended 2 February 2019 (Restated)
		£000	£000
Revenue		**93,138**	85,221
Cost of sales		**(47,813)**	(42,349)
Gross profit		**45,325**	42,872
Selling and distribution costs		**(36,692)**	(35,483)
Administrative expenses		**(2,173)**	(3,065)
Impairment of intercompany receivable (IFRS 9)		**(15,775)**	(17,705)
Other operating income		**5,125**	4,852
Operating loss	3	**(4,190)**	(8,529)
Finance income	2	**80**	798
Finance expenses	2	**(2,586)**	(850)
Loss before tax		**(6,696)**	(8,581)
Taxation	6	**(1,646)**	(2,666)
Loss for the financial period		**(8,342)**	(11,247)

All operations are continuing.

Notes on pages 15 to 34 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the 52 week period ended 1 February 2020

	Note	**52 week period ended 1 February 2020**	52 week period ended 2 February 2019 (Restated)
		£000	£000
Loss for the financial period		**(8,342)**	(11,247)
Other comprehensive income/(expense)			
Items that will not be reclassified to the Income Statement:			
Defined benefit pension scheme actuarial gains/(losses)	5	**444**	34
Items that will be reclassified to the Income Statement:			
Movement in cashflow hedge reserve		**(104)**	(13)
Total other comprehensive income		**340**	21
Total comprehensive expense for the period		**(8,002)**	(11,226)

Notes on pages 15 to 34 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 1 February 2020

	Note	1 February 2020 £000	2 February 2019 (Restated) £000
Non-current assets			
Pension asset	5	**2,343**	1,994
Other receivables	7	**-**	799
Intangible assets	8	**2,117**	2,833
Property, plant and equipment	9	**10,182**	6,159
Right of Use asset	17	**53,499**	-
Investments	10	**-**	-
		68,141	11,785
Current assets			
Inventories	11	**14,706**	11,809
Trade and other receivables	12	**31,076**	27,682
Deferred tax assets	13	**4,706**	6,352
Cash at bank and in hand		**5,825**	10,400
		56,313	56,243
Total assets		**124,454**	68,028
Current liabilities			
Financial instruments		**(104)**	-
Trade and other payables	15	**(42,830)**	(33,909)
Lease liability	17	**(965)**	-
		(43,899)	(33,909)
Net current assets		**12,414**	22,334
Non-current liabilities			
Lease Liabilities	17	**(54,419)**	-
Net assets		**26,136**	34,119
Equity			
Called up share capital	16	**26,413**	26,639
Share premium account		**928**	928
Cashflow hedge reserve		**(104)**	-
Retained Earnings		**(1,101)**	6,552
Total equity		**26,136**	34,119

Notes on pages 15 to 34 form part of these financial statements.

The financial statements on pages 11 to 34 were approved by the Board of Directors on 24 November 2020 and signed on its behalf by:

Robert Unsworth
Director

STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 1 February 2020

	Called Up Share Capital	Share Premium Account	Retained Earnings (Restated)	Cashflow Hedge Reserve	Total Equity
	£000	£000	£000	£000	£000
Balance at 3 February 2018	26,641	928	17,787	13	45,369
Total comprehensive expense for the period					
Loss for the period	-	-	(11,247)	-	(11,247)
Movement in cashflow hedge reserve	-	-	-	(13)	(13)
Defined benefit pension scheme actuarial losses	-	-	34	-	34
Dividends	-	-	(22)	-	(22)
Acquisition of preference shares	(2)	-	-	-	(2)
Balance at 2 February 2019 (restated)	26,639	928	6,552	-	34,119
Total comprehensive expense for the period					
Loss for the period	-	-	(8,342)	-	(8,342)
Movement in cashflow hedge reserve	-	-	-	(104)	(104)
Defined benefit pension scheme actuarial gains	-	-	444	-	444
Dividends	-	-	132	-	132
Acquisition of preference shares	(226)	-	113	-	(113)
Balance at 1 February 2020	26,413	928	(1,101)	(104)	26,136

Notes on pages 15 to 34 form part of these financial statements.

1. ACCOUNTING POLICIES

Basis of preparation

Liberty Retail Limited (the "Company") is a private company limited by shares incorporated in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

The Company's ultimate parent company, Liberty Zeta Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Liberty Zeta Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in note 20.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention modified by revaluation of financial assets and liabilities held at fair value through profit and loss.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs (International Financial Reporting Standards); and
- Disclosures in respect of Key Management Personnel.

As the consolidated financial statements of Liberty Zeta Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS *13 Fair Value Measurement* and the disclosures required by *IFRS 7 Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated been applied consistently to all periods presented in these financial statements in dealing with items which are considered material to the financial statements.

Going Concern

The Company is reliant on funding from the Liberty Zeta Group ("the Group") to carry out its operations. The Financial Statements have been prepared on a going concern basis in view of the fact the Directors of the parent undertaking, Liberty Zeta Limited, have formally indicated, in writing, their commitment to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least twelve months from the date of signing these Financial Statements.

The Directors of the Liberty Zeta Group confirmed in the Group's Financial Statements that having reviewed the Group's cash requirements for a period of 12 months from the date of signing these Financial Statements, they have a reasonable expectation that the Group has adequate resources to continue in operational existence and to meet their liabilities as and when they fall due. Given that the Directors of the Group have formally indicated their support, the Directors of the Company have accordingly adopted the going concern basis in preparing these Financial Statements.

The uncertainty as to the future impact on the Group and Company of the COVID-19 pandemic, and resulting uncertainty in the global economy, has been considered as part of the Group and Company's adoption of the going concern basis. Management have performed thorough scenario planning and have reviewed the consolidated income statement, net current liabilities and cash flow forecasts in conjunction with the current and future financing availability

1. ACCOUNTING POLICIES (continued)

Going Concern (continued)

The Directors considered two scenarios, both specific to Liberty Retail Limited and the Flagship store. Scenario 1 modelled the impact of a 75% reduction in revenue generated by the Flagship for the next 12 months. Scenario 2 modelled a 75% reduction in revenue generated by the Flagship for the next 12 months in addition to a forced closure of the Flagship for 3 months, between the months of October and January. For each scenario the Directors considered the impact on group profitability and cash flows, along with remedial actions and the anticipated reallocation of demand from the Flagship store to online.

Both scenarios have been considered under confines of the new senior facilities agreement; the Group qualified for the UK government CLBILS and as such has now entered into an agreement from 2 July 2020 for an additional Credit Facility of £15,000,000 to be repaid over a 3 year period. The leverage covenant requirements have been waived until April 2022 and have been reset from this date to accommodate the new debt profile of the Group. A minimum liquidity covenant remains in place and has been increased from £3,000,000 to £4,000,000.

A further £5,000,000 has been contractually committed by shareholders and may be called upon in the event of the group being unable to meet its future commitments and liabilities, specifically if a breach in financial covenants were to be forecast.

Both scenarios utilise all available lines of financing by July 2021.

The scenario planning shows that under Scenario 1 the Group and Company are able to operate within the existing funding facilities, including covenants, for the foreseeable future. Under Scenario 2 the liquidity covenant would be at risk of a breach in September 2021 where investment in working capital peaks in advance of Christmas trade. In the event the Group forecast a breach, a waiver and additional funding would be required. If the Group was unable to obtain either, this potential breach would give lenders the power to request immediate repayment of its facilities. Immediate repayment of banking facilities would indicate the existence of a material uncertainty and cast significant doubt over the Group's ability to continue as a going concern, and accordingly this material uncertainty was disclosed in the Group's Financial Statements for the 52 week period ended 1 February 2020. As the Company is financed by the Group, this specific downside scenario would indicate the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern

These Financial Statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Revenue

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of staff discounts and is stated net of value added tax and other sales-related taxes. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

Revenue on Flagship store sales of goods and commission on concession sales are recognised when goods are sold to the customer. E-commerce and Liberty Fabric Limited sales are recognised when the goods are shipped to the customer.

Breakage revenue from gift vouchers and gift coins sold by the Group is recognised based on historic redemption rates and subsequently on redemption of the gift voucher or gift coin.

Customer incentives are recognised as a performance obligation and are deducted from revenue in the period in which they are accrued.

It is the Group's policy to sell its retail products to the end customer with a right of return. Accumulated experience is used to consider the need for a provision for such returns on an annual basis.

Cost of sales

Cost of sales comprises the cost of goods sold, together with the direct costs incurred in managing and operating the Company's operating activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the 52 week period ended 1 February 2020

1. ACCOUNTING POLICIES (continued)

Expenses - Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the Group's ordinary activities such as liabilities and costs arising from a fundamental restructuring of the Group's operations. Such items are disclosed separately within the financial statements.

Finance income and expenses

Financing expenses comprise of interest costs. Finance income comprises interest income on funds invested. Interest income and expenses are recognised in the income statement as it accrues, using the effective interest rate method.

Other income

Other income consists of income received through the ordinary course of business. It relates to commission and royalty income from services and licensing activities. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

Foreign exchange

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on transactions are recognised in the Income Statement.

Financial instruments

Non-derivative financial instruments comprise; trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade receivables are initially recognised at fair value and measured for expected credit losses. A provision for impairment of trade receivables is also established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The movement in the provision is recognised in the income statement. Trade payables, defined as financial liabilities in accordance with IFRS 9, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. All of the trade payables are non-interest bearing.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are repayable on demand and form an integral part of the Group's cash management.

Interest-bearing borrowings are initially recognised at fair value less transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement as incurred.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income in the hedging reserve and any ineffective portion is recognised immediately in the income statement.

Equity

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference shares are classed as equity instruments in these financial statements as the preference shares include no contractual obligation to deliver cash or another financial asset to another entity; and they include no contractual obligation to exchange financial assets or financial liabilities with any other equity under conditions that are potentially unfavourable to the issuer.

1. ACCOUNTING POLICIES (continued)

Leases

Leases are recognised on the statement of financial position with both an asset and liability. At inception, the asset and liability are of equal value.

Operating leases of low value or short term leases are recorded as an expense in the income statement as they are incurred, taken as an IFRS 16 practical expedient.

The Lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the incremental borrowing rate, on a portfolio basis. Lease liabilities are subsequently measured at amortised cost and are increased by the interest charge and decreased by the lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, or as appropriate, changes in the assessment of whether a renewal option is reasonably certain to be exercised or a break clause is reasonably certain not to be exercised. The Group have exercised judgement as to whether these should be used to determine the lease liability

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the Lease liabilities. The asset is depreciated on a straight line basis over the life of the lease.

Employee benefits

Defined contribution schemes

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the Income Statement.

Defined benefit schemes

The Company's net obligation in respect of its defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value at the date of the financial statements. Any unrecognised past service costs and the fair value of any scheme assets is deducted in calculating the Company's net obligation to the scheme for the retirement benefits to be provided.

The discount rate used is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating to the term of the Company's obligations under the scheme. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the scheme or reductions in future contributions to the scheme.

When the benefits of a scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Income Statement.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

1. ACCOUNTING POLICIES (continued)

Tax

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. In accordance with IAS12, deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the reporting date, that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the reporting date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, 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. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Intangible assets

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the period in which the expenditure is incurred.

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use
- it will generate future economic benefits
- the availability of resources to complete the asset and;
- the ability to measure reliably the expenditure during development.

Following the initial recognition of the development expenditure, intangible assets are stated at cost less any accumulated amortisation and impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use, over the following periods:

Computer software	3 years
Other intangibles (e.g. the website)	5 years

The assets are assessed for impairment indicators annually. Assets under construction are not amortised.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Assets under Construction are held at cost less any recognised impairment losses.

Heritage assets are tangible assets with historical and artistic qualities and are not considered to have a finite useful economic life. Heritage assets are held at cost and tested for impairment annually in line with IFRS.

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, over the following periods:

Fixtures, fittings and equipment	5 years
Computer equipment	3 - 5 years

The carrying values of property, plant and equipment are reviewed for impairment annually and if an event or change in circumstances indicate the carrying value may not be recoverable.

1. ACCOUNTING POLICIES (continued)

Investments in subsidiaries

The interest of the Company in the shares of subsidiary undertakings is stated at cost less any provision for impairment. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. An impairment is recognised by comparing the carrying amount to the higher of the recoverable amount and value in use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Provisions against book values are recorded principally by reference to the age of stock. Cost is based on the standard cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Judgements:

- Going Concern -; the judgements made on future profitability to determine future cashflows

Estimates

- Defined Benefit Obligations - Within the defined benefit obligation, there are estimates used in relation to inflation rates, life expectancy and asset volatility. A change in these assumptions and estimates would result in a change to the obligation. Actuarial experts have been used to determine the estimates and these are reviewed at the balance sheet date. See note 6;
- Inventory - the assumptions used to assess the net realisable value of inventory i.e. assessment by season and obsolescence. Estimates are based on historical trends and post year end trading performance. See note 12; and
- Leases - the assumptions in applying discount rates and in assessing options to extend and break clauses to cashflows in order to calculate the right of use asset and lease liability. The discount rate is based on the incremental borrowing rate. A change in discount rate or options would result in a change in the asset and liability recorded within the financial statements. See note 18.

Impact of new international reporting standards, amendments and interpretations

The Group and parent has initially applied IFRS 16 from 3 February 2019.

IFRS 16, 'Leases' requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It has been applied retrospectively, however comparatives have not been restated for the 2018 reporting period, as permitted under the specific transition provisions in the standard.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 3 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 3 February 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the 52 week period ended 1 February 2020

1. ACCOUNTING POLICIES (continued)

Impact of new international reporting standards, amendments and interpretations (continued)

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 *determining whether an Arrangement contains a Lease.*

The impact of adopting IFRS 16 has resulted in an increase in assets and liabilities of £56,079,000.

	£'000
Operating lease commitments at 2 February 2019	89,337
Effect of discounting	(33,338)
Other adjustments	80
Lease liabilities at 3 February 2019	56,079

Prior period Restatement

As a result of the adoption of IFRS 9 on 3 February 2018, Liberty reviewed the guidance of IFRS 9 on intercompany balance and re-interpreted the guidance which has resulted in a write off of intercompany balances held by Liberty Retail of £17,705,000 and a reduction in intercompany debtors of the same amount.

2. FINANCE INCOME AND EXPENSES

	52 week period ended 1 February 2020 £000	52 week period ended 2 February 2019 £000
Finance income receivable on:		
Defined benefit pension scheme net financing income	**54**	782
Other interest receivable	**26**	16
Total finance income for the period	**80**	798
Finance cost payable on:		
Bank loans and overdrafts	**(10)**	(22)
Lease liability interest	**(2,576)**	-
Interest on pension scheme liabilities	**-**	(828)
Amortisation of deferred finance costs	**-**	-
Total finance expense for the period	**(2,586)**	(850)

3. OPERATING LOSS

	52 week period ended 1 February 2020 £000	52 week period ended 2 February 2019 £000
Operating loss is stated after charging/ (crediting) the following:		
Depreciation of fixed assets	1,993	1,884
Depreciation of right of use assets	2,580	-
Amortisation of intangible assets	1,201	1,274
Loss on disposal of fixed assets	-	13
Operating lease payments	-	3,271
Intercompany royalty income	(2,945)	(2,764)

In the period the company paid £52,600 (2019: £49,100) to PricewaterhouseCoopers LLP in relation to the audit of the Company financial statements. Non-audit fees totalled £nil (2019: £nil).

Included in selling and distribution costs are employee costs, detailed below in Note 4.

4. STAFF NUMBERS AND COSTS

The monthly average full time equivalent number of staff employed by the Company was as follows:

	52 week period ended 1 February 2020 Number	52 week period ended 2 February 2019 Number
Selling and distribution	257	248
Administration	179	150
	436	398

The payroll cost of the Company was as follows:

	52 week period ended 1 February 2020 £000	52 week period ended 2 February 2019 £000
Wages and salaries	14,397	12,899
Social security costs	1,968	1,452
Other pension costs	623	349
	16,988	14,700

The Directors were paid £nil by the Company for their qualifying services received during the period (2019: £nil)

The aggregate emoluments of the highest paid Director were £nil in the period (2019: £nil). There were no payments to defined benefit pension schemes in respect of Directors (2019: £nil).

5. EMPLOYEE BENEFITS

Overall summary

Liberty Retail Limited operates a defined contribution pension scheme and a defined benefit pension scheme. The defined benefit scheme has been closed to new entrants since February 2001 and was closed to future benefit accrual with effect from 1 January 2007.

The assets of all pension schemes of the Company are held in separate trust administered funds.

Defined contribution scheme

During the 52 week period ended 1 February 2020 the Company paid £623,000 (2019: £349,000) in respect of contributions to defined contribution pension schemes operated on behalf of Company employees.

Defined benefit scheme

The contributions to the defined benefit scheme during the 52 week period ended 1 February 2020 amounted to £nil (2019: £1,120,000). The contribution rate is determined by an independent qualified actuary, using the projected unit method, on the basis of triennial valuations. A full actuarial valuation was carried out at 30 June 2019 by the Scheme's independent qualified actuary.

As the scheme is closed to future benefit accrual, there is no expected contribution rate for future periods. Liberty Retail Limited expects to contribute £500,000 (2019: £nil) to the defined benefit scheme in the next financial period.

Actuarial valuation

A full actuarial valuation of the UK defined benefit scheme was carried out at 30 June 2019 by a qualified independent actuary, resulting in changes to the pre and post retirement discount rate. An IAS19 valuation bas been prepared as at 1 February 2020 by the actuary based on assumptions set by the Company and is reflected in these financial statements. The assumptions used by the actuary are those approved by the Trustees of the Pension Scheme and in the actuary's opinion, are the best estimates chosen from a range of possible actuarial assumptions. Due to the timescale covered, these assumptions may not necessarily be borne out in practice. The major assumptions used by the actuary are shown in the following table:

	52 week period ended 1 February 2020	52 week period ended 2 February 2019
Discount rate of scheme liabilities at period end	**1.7%**	2.7%
Inflation rate per annum	**2.3%**	2.3%
Rate of increase per annum in pensions in payment accrued before 5 April 1997	**3.0%**	3.0%
Rate of increase per annum in pensions in payment accrued after 5 April 1997	**3.0%**	3.3%
Percentage of maximum cash allowed taken by members	**75%**	90%
Forecast life expectancy of Scheme members	**87**	87

The forecast life expectancy assumption is based on a male, aged 60.

The mortality assumption for the period ended 1 February 2020 was S3 (Pension) with CMI 2018 projections and a long-term rate of improvement of 1.25% pa.

The overall expected return on assets is calculated as the weighted average of expected returns on each individual asset class. The expected return on equities is the sum of inflation, the dividend yield, economic growth and investment expenses. The return on gilts and bonds is the current market yield on long term gilts and bonds. The expected return on other assets is set equal to expected inflation.

5. EMPLOYEE BENEFITS (continued)

Movement of surplus

	52 week period ended 1 February 2020 £000	52 week period ended 2 February 2019 £000
Amounts recognised in statement of financial position		
Present value of funded obligation	**(30,315)**	(28,081)
Fair value of scheme assets	**32,658**	30,075
Net asset in statement of financial position	**2,343**	1,994
Income recognised in Income Statement		
Past service cost	**-**	84
Net interest on the net defined benefit asset	**(56)**	(38)
Administration expenses	**151**	-
Expense/ (income) recognised in income statement	**95**	46
Movement in fair value of Scheme assets		
Fair value of Scheme assets at start of period	**30,075**	30,252
Administration costs incurred	**(151)**	-
Contributions paid by the Company	**-**	1,120
Benefits paid by the Scheme	**(1,074)**	(1,505)
Expected return on Scheme assets in finance income	**800**	782
Actuarial gains on Scheme assets recognised in equity	**3,008**	(574)
Fair value of scheme assets at period end	**32,658**	30,075
Equities	**3,254**	3,110
Bonds	**21,005**	19,843
Assets	**7,972**	6,618
Other investments	**427**	504
Fair value of scheme assets	**32,658**	30,075
Movement in present value of defined benefit obligations		
Present value of defined benefit obligations at start of period	**28,081**	29,366
Benefits paid by the scheme	**(1,074)**	(1,505)
Past service cost	**-**	84
Interest cost in finance expense	**744**	744
Actuarial losses/ (gains) recognised in equity	**2,564**	(608)
Present value of defined benefit obligations at period end	**30,315**	28,081
Cumulative asset at start of period	**1,994**	886
Actuarial gains/ (losses) recognised directly in equity during period	**444**	34
Contributions paid by the Company	**-**	1,120
(Expense)/ Income recognised in income statement	**(95)**	(46)
Cumulative asset at period end	**2,343**	1,994
Actual return on Scheme assets	**3,808**	208

5. EMPLOYEE BENEFITS (continued)

The fair values of the scheme's assets are not intended to be realised in the short term and may be subject to significant change before they are realised. The present value of the scheme's liabilities is derived from cash flow projections over long periods of time and is thus inherently uncertain. However, the table above represents the Trustee's and the Actuary's best estimate of the surplus in the scheme at the dates referred to.

Analysis of amount recognised in Statement of Comprehensive Income

	52 week period ended 1 February 2020 £000	52 week period ended 2 February 2019 £000
Actual return less expected return on pension scheme assets	**3,008**	(574)
Actuarial (losses)/ gains on scheme liabilities	**(2,564)**	608
Actuarial losses in statement of other comprehensive income	**444**	34

A summary of the current and prior period is as follows:

	1 February 2020 £000	2 February 2019 £000
Fair value of scheme assets	**32,658**	30,075
Present value of defined benefit obligations	**(30,315)**	(28,081)
Surplus in the Scheme	**2,343**	1,994
Experience gains/ (losses) arising on Scheme assets	**3,008**	(574)
Experience losses arising on Scheme liabilities	**(799)**	(34)

Risks associated with the defined benefit pension scheme

Asset volatility The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets under perform this yield, this will create a deficit. The Scheme is invested primarily in growth assets, corporate bonds and liability matched assets. The growth assets, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored by the Trustees to ensure it remains appropriate given the Scheme's long term objectives.

Changes in bond yields A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for IAS 19, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk A proportion of the Scheme's benefit obligations are linked to inflation; higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Scheme by investing in assets such as swaps which perform in line with the liabilities of the Scheme so as to protect against inflation being higher than expected.

5. EMPLOYEE BENEFITS (continued)

Sensitivity to key assumptions

The key assumptions used for IAS 19 are: discount rate, inflation and mortality. The sensitivity of the results to these assumptions is as follows:

1 February 2020	**Scheme assets**	**DBO**	**Surplus**
	£000	**£000**	**£000**
Current figures	32,658	(30,315)	2,343
Following a 0.25% p.a. decrease in the discount rate	32,658	(31,487)	1,171
Following a 0.25% p.a. increase in the RPI inflation assumption	32,658	(30,993)	1,665
Following an increase in the life expectancy of one year	32,658	(31,470)	1,188

The sensitivity information shown above is approximate and has been determined taking into account the duration of the liabilities and the overall profile of the Scheme membership. This is the same approach as has been adopted in previous periods.

2 February 2019	**Scheme assets**	**DBO**	**Surplus/ (deficit)**
	£000	**£000**	**£000**
Current figures	30,075	(28,081)	1,994
Following a 0.25% p.a. decrease in the discount rate	30,075	(29,217)	858
Following a 0.25% p.a. increase in the RPI inflation assumption	30,075	(28,631)	1,444
Following an increase in the life expectancy of one year	30,075	(29,369)	706

Maturity profile of the scheme

The defined benefit obligation includes benefits for deferred pensioners and current pensioners. Some of the deferred pensioners are still current employees, but this does not directly impact their benefits from the Scheme as there is no longer a link between their salary and their Scheme benefits.

The defined benefit obligation is broadly split 41%/59% between deferred pensioners and current pensioners. The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is around 16 years.

6. TAXATION

	52 week period ended 1 February 2020 £000	52 week period ended 2 February 2019 £000
Current tax		
Current income tax for the period	-	-
Total current taxation charge	-	-
Deferred tax (see note 13):		
Prior period adjustment	(6)	168
Effect of change in rate	-	932
Origination and reversal of timing differences	1,652	1,566
Total deferred tax charge	1,646	2,666
Total tax charge	1,646	2,666

The tax for the period is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19.00%). The differences are explained below:

	52 week period ended 1 February 2020 £000	52 week period ended 2 February 2019 (Restated) £000
Loss on ordinary activities before tax	(6,696)	(8,581)
Loss on ordinary activities multiplied by the standard rate in the UK 19% (2019: 19%)	(1,272)	(1,630)
Effects of:		
Adjustments in respect of prior periods	(6)	169
Expenses not deductible for tax purposes	3,032	3,367
Adjusting deferred tax rate	(194)	757
Other short term timing differences	-	6
Movement in deferred tax not recognised	-	6
Other movements in deferred tax	(6)	(6)
Group relief surrendered/(claimed)	(90)	(9)
Amounts credited to the SOCI or otherwise transferred	84	-
Fixed asset differences	98	6
Tax charge for the period	1,646	2,666
Total tax charge	1,646	2,666

Deferred taxes reflected in these financial statements have been measured using enacted tax rates at the balance sheet date. This includes the enacted UK corporation tax rate of 17% (expected to be effective 1 April 2020). Following the UK Budget on 11 March 2020, the UK corporation tax rate of 19% is due to remain (effective 1 April 2020).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the 52 week period ended 1 February 2020

7. OTHER RECEIVABLES

	1 February 2020 £000	2 February 2019 £000
Lease premium	-	799

As a result of the adoption of IFRS 16, on 3 February 2019 the lease premium was released into the Income Statement

8. INTANGIBLE ASSETS

	Computer software £000	Total £000
Cost		
At 4 February 2018	8,047	8,047
Additions	365	365
At 2 February 2019	8,412	8,412
Additions	485	485
At 1 February 2020	**8,897**	**8,897**
Accumulated amortisation		
At 4 February 2018	(4,305)	(4,305)
Amortisation charge for period	(1,274)	(1,274)
At 2 February 2019	(5,579)	(5,579)
Amortisation charge for period	(1,201)	(1,201)
At 1 February 2020	**(6,780)**	**(6,780)**
Net Book Value at 1 February 2020	**2,117**	**2,117**
Net Book Value at 2 February 2019	2,833	2,833

9. PROPERTY, PLANT AND EQUIPMENT

	Heritage Assets Restated £000	Assets under construction £000	Fixtures, fittings and equipment Restated £000	Computer equipment £000	Total £000
Cost					
At 4 February 2018	100	363	9,162	3,363	12,988
Additions	-	1,259	357	638	2,254
Disposals	-	-	(35)	-	(35)
At 2 February 2019	100	1,622	9,484	4,001	15,207
Additions	-	4,800	988	228	6,016
At 1 February 2020	**100**	**6,422**	**10,472**	**4,229**	**21,223**
Accumulated depreciation					
At 4 February 2018	-	-	(5,285)	(1,901)	(7,186)
Depreciation charge for period	-	-	(1,115)	(769)	(1,884)
Disposals	-	-	22	-	22
At 2 February 2019	-	-	(6,378)	(2,670)	(9,048)
Depreciation charge for period	-	-	(1,101)	(892)	(1,993)
At 1 February 2020	**-**	**-**	**(7,479)**	**(3,562)**	**(11,041)**
Net Book Value at 1 February 2020	**100**	**6,422**	**2,993**	**667**	**10,182**
Net Book Value at 2 February 2019	100	1,622	3,106	1,331	6,159

10. INVESTMENTS IN SUBSIDIARIES

	£000
Net book value at 1 February 2020 and 2 February 2019	-

The Company owns directly and indirectly, issued share capital in the following subsidiary companies:

Name of Subsidiary	Principal activity	Classes of issued share capital held by the Group	Percentage held within the Group	Immediate holding company in the Group
Liberty Fabric Limited (1)	Wholesale	Ordinary	100%	Liberty Retail Limited
Liberty Investment Limited (1)	Holding company	Ordinary	100%	Liberty Fabric Limited
Liberty Japan Co. Limited (2)	Wholesale	Ordinary	100%	Liberty Investment Limited
Liberty of London Gifts Limited (3)	Dormant	Ordinary	100%	Liberty Retail Limited
Liberty Lease Limited (1)	Rental property	Ordinary	100%	Liberty Retail Limited

(1) Incorporated and operates in the United Kingdom. Registered address 210-220 Regent Street, London, W1B 5AH

(2) Incorporated and operates in Japan. Registered Address 2F Ebisu Park Plaza, 1-9-6 Ebisu Minami, Shibuya-Ku Tokyo 150-0022 Japan.

(3) Incorporated and operates in the United States of America. Registered Address 584 Broadway - Suite 604, New York, NY 10012.

11. INVENTORIES

	1 February 2020 £000	2 February 2019 £000
Finished goods	**14,706**	11,809
	14,706	11,809

£46,055,000 (2019: £40,868,000) of inventory was recognised within cost of sales in the period. £988,000 (2019: £790,000) of inventory provisions were recognised within cost of sales in the period.

The net realisable value of inventory is assessed by season. Imperfect and obsolete inventory is fully provided for.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the 52 week period ended 1 February 2020

12. TRADE AND OTHER RECEIVABLES

	1 February 2020	2 February 2019 (Restated)
	£000	£000
Trade receivables	1,727	158
Amounts due from ultimate parent company	3,745	3,594
Amounts due from fellow group undertakings	23,331	21,968
Other receivables	882	974
Prepayments and accrued income	1,391	988
	31,076	27,682

Balances held with the ultimate parent company and fellow group undertakings are payable on demand and are not interest bearing.

The provision on trade receivables was £2,000 as at 1 February 2020 (2019: £1,000).

Intercompany impairment of £15,775,000 was recorded in the year as a result of balances which may not be recoverable (2019: £17,705,000)

Trade receivables consisted of the following:

	1 February 2020	2 February 2019
	£000	£000
Gross receivables	506	159
Expected credit loss	(3)	(1)
	503	158
Ageing of trade receivables		
Not yet due	464	118
0-30 days	22	38
31-90 days overdue	3	2
90 days + overdue	17	1
	506	159

Restatement

Following a detailed review of IFRS 9, it was noted that an intercompany impairment was required on amounts due from some intercompany entities. The total value of the restatement is £17,705,000.

13. DEFERRED TAX ASSETS

	Revaluation of pension fund	Recognised losses	Tangible fixed assets	Total asset
	£000	£000	£000	£000
Deferred tax asset brought forward at 2 February 2019	(274)	2,142	4,484	6,352
Movement in period	(33)	(614)	(999)	(1,646)
Deferred tax asset carried forward at 1 February 2020	**(307)**	**1,528**	**3,485**	**4,706**

The Company has no unrecognised deferred tax assets or liabilities (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the 52 week period ended 1 February 2020

14. FINANCIAL INSTRUMENTS

	1 February 2020 £000	2 February 2019 £000
Fair value of FX forward contracts	(104)	-
	(104)	-

15. TRADE AND OTHER PAYABLES

	1 February 2020 £000	2 February 2019 £000
Trade payables	11,842	7,526
Other payables	2,028	2,512
Amounts owed to fellow group undertakings	18,813	16,839
Amounts owed to associated company	151	124
Other taxes and social security	3,090	2,000
Accruals and deferred income	6,906	4,908
	42,830	33,909

Balances with fellow group undertakings and associated companies are payable on demand and are not interest bearing.

16. CALLED UP SHARE CAPITAL

ALLOTTED, CALLED UP AND FULLY PAID	1 February 2020 £000	2 February 2019 £000
Called up Ordinary Shares		
102,713,008 (2019: 102,713,008) ordinary shares of 25p each	25,678	25,678
Preference Shares		
385,000 (2019: 385,000) 6% cumulative non-redeemable preference shares of £1 each	385	385
577,500 (2019: 577,500) 9.5% cumulative non-redeemable preference shares of £1 each	578	578
Treasury preference shares	(228)	(2)
	735	961
	26,413	26,639

The 6% and 9.5% preference shares are both non-redeemable but have a preferential right of return of capital in the event of winding up.

100% of the 6% cumulative non-redeemable preference shares and part of the 9.5% cumulative non-redeemable preference shares are owned by the immediate parent company who has waived the accrued dividends.

During the period, the Company bought back 225,701 9.5% preference shares for a total consideration of £112,851.

17. LEASES

Right of Use Asset

The Company's leases consist of real estate. There was no restatement for leases for the year ended 2 February 2019.

	Real Estate £000	Total £000
At 3 February 2019	56,079	56,079
Depreciation	(2,580)	(2,580)
Net book value at 1 February 2020	53,499	53,499
At 1 February 2020		
Cost or valuation	56,079	56,079
Accumulated depreciation	(2,580)	(2,580)
Net book value	53,499	53,499

Lease Liability

	Current £'000	Non-current £000	Total £000
At 3 February 2019	694	55,385	56,079
Interest	2,576	-	2,576
Repayments	(3,271)	-	(3,271)
Lease payments	966	(966)	-
At 1 February 2020	965	54,419	55,384

The weighted average discount rate of the leases is 4.76%.

Transfers are the movements of leases from non-current to current liabilities at the end of the period.

18. COMMITMENTS AND GUARANTEES

Operating lease commitments

Non-cancellable operating lease commitments of the Group relate to relate to leases which are not included in note 17, due to being short term or low value. In 2019, this included all operating lease commitments.

	1 February 2020 £'000	2 February 2019 £'000
Within 1 year	-	3,271
Between one and five years	-	14,253
After more than five years	-	71,192
	-	88,716

Guarantees

The Company is a guarantor of the Group's Senior Facilities. The facilities are subject to two covenant tests; leverage and minimum liquidity.

Note 21 details all changes made to commitments and guarantees post the balance sheet date.

19. RELATED PARTY TRANSACTIONS

During the period the Company entered into transactions with related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

Transactions entered into and trading balances outstanding at 1 February 2020 with other related parties, are as follows:

	Purchases from related party £000	Amounts owed to related party £000
Associates		
2020	**247**	**77**
2019	245	-

20. PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

The Company's immediate parent company is Liberty Limited, a company incorporated in England and Wales.

The ultimate parent company is Liberty Zeta Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Liberty Zeta Limited. The consolidated financial statements of this group are available to the public and may be obtained from 210-220 Regent Street, London, W1B 5AH.

21. POST BALANCE SHEET EVENTS

COVID-19

COVID-19 is considered to be a non-adjusting event; COVID-19 had not had a significant impact on the Group and the territories in which it operates at the balance sheet date.

Business performance was negatively affected by COVID-19 from March 2020. Cashflow forecasts projecting multiple scenarios incorporating the expected on-going impact of COVID-19 were considered by senior executives to fully understand short and medium term liquidity. The Group was projected to experience a shortfall in liquidity and breach financial covenants associated with its existing debt facility in July 2020.

The Directors engaged with its existing lenders to obtain additional financing in the medium term; the Group qualified for the UK government CLBILS and as such has now entered into an agreement from 2 July 2020 for an additional Credit Facility of £15,000,000 to be repaid over a 3 year period. The leverage covenant requirements have been waived until April 2022 and have been reset from this date to accommodate the new debt profile of the Group. A minimum liquidity covenant remains in place and has been increased from £3,000,000 to £4,000,000.

A further £5,000,000 has been contractually committed by shareholders and may be called upon in the event of the group being unable to meet its future commitments and liabilities, specifically if a breach in financial covenants were to be forecast.

If COVID-19 were to be considered an adjusting event, inventory provisions would increase by an estimated £700,000; at the period end Liberty Retail had already invested in inventory for Spring Summer 2020 ("SS20"). The impact of COVID-19 on demand and therefore sales, would leave Liberty Retail with excess inventory compared to normal trading conditions at the end of the SS20 season. In addition, the recoverability of the other balance sheet line items has been reviewed and at this time no material adjustments would be noted.