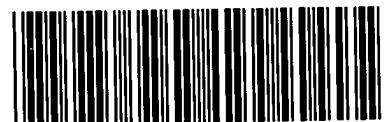


Registered number 00042342

Liberty Retail Limited
Annual Report and Financial Statements
For the 52 week period ended
28 January 2023

TUESDAY



AC70Q8NN

A09

04/07/2023

#27

COMPANIES HOUSE

LIBERTY RETAIL LIMITED

COMPANY INFORMATION

Directors

Adil Mehboob-Khan
Robert Unsworth

Registered Address

210-220 Regent Street
London
W1B 5AH

Independent Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Banker

Barclays Bank PLC
Level 27
1 Churchill Place
London
E14 5HP

Solicitor

Burness Paul
120 Bothwell Street
Glasgow
G2 7JL

LIBERTY RETAIL LIMITED

CONTENTS PAGE

| | Page |
|---|------|
| Strategic Report | 1 |
| Directors' Report | 8 |
| Directors' Responsibilities Statement | 13 |
| Independent Auditors' report to the members of Liberty Retail Limited | 14 |
| 5Statement of Comprehensive Income | 17 |
| Statement of Financial Position | 18 |
| Statement of Changes in Equity | 19 |
| Notes to the Financial Statements | 20 |

LIBERTY RETAIL LIMITED

STRATEGIC REPORT

for the 52 week period ended 28 January 2023

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.

Strategy and objectives

Liberty Retail is focused on profitable growth of the 140+ year old retail business, trading from its iconic tudor building on Great Marlborough Street, London (the "Flagship" store) and through its website, libertylondon.com which extends reach and distribution in the UK and internationally through unique product edit, customer experience and competitive service proposition.

Business review and future developments

As COVID-19 restrictions were removed in the spring of 2022, footfall in London improved and the Flagship store returned to trading more representative of pre-pandemic levels. The store continued to show resilience in the Christmas period as high levels of inflation and cost of living concerns were making news headlines.

All product categories performed well within the store. Liberty branded products outperformed third party brands, with strong performance seen in Accessories, Home and Beauty products.

The Liberty e-commerce business has continued to grow against a market where online retail has been challenged by the resurgence of physical stores. Improvements have been made to the efficiency of the e-commerce business operations with the focus on improving the EBITDA contribution from online sales.

It was another record year in terms of both units and revenue for the Liberty beauty advent calendar and the Beauty Drop subscription service expanded further with more active subscribers at the end of the period. Unique to the market, this initiative builds on the strength of Liberty's beauty business and benefits customers who subscribe to the programme with quarterly boxes of curated beauty products in return for a monthly spend commitment. The long-term benefit to the business will be seen in sales growth and retention of high value customers.

Key performance indicators

The Directors use a number of KPI's which they consider are effective in measuring delivery of the strategy, and which assist the Directors in management of the business. The KPI's relating to the business are shown below:

| | | 52 week period ended 28 January 2023 | 52 week period ended 29 January 2022 |
|---|-------|--|--|
| Total revenue | £'000 | 116,171 | 82,028 |
| EBITDA before non-recurring and one-off costs ("Management EBITDA") | £'000 | 3,964 | (3,538) |
| Management EBITDA as a percentage of sales | % | 3.4% | (4.3)% |
| Operating profit | £'000 | 22 | 2,486 |

Revenue has seen a significant uplift during the year as the store was open for a full year compared to 9 months in the prior period. The company generated "Management EBITDA" of £4.0m (2022 : (£3.5m)). The "Management EBITDA" is still behind the £14.4m generated in the FY20 period which was the pre covid year. In the current period, the flagship sales per square foot amounted to £1,184 (2022: £701).

The operating profit has worsened from £2,486,000 in the prior period to £22k. This is the net position of improved trading offset by the exceptional intercompany impairment reversal of circa £11.5m in the prior year.

LIBERTY RETAIL LIMITED

STRATEGIC REPORT (continued) for the 52 week period ended 28 January 2023

Management EBITDA

Management EBITDA is calculated by adding back and deducting non-recurring revenue and costs respectively from statutory EBITDA.

| | | 52 week period ended 28 January 2023 | 52 week period ended 29 January 2022 |
|---|---------|--|--|
| | | £'000 | £'000 |
| Operating profit | | 22 | 2,486 |
| Depreciation | Note 8 | 2,375 | 3,365 |
| Amortisation | Note 7 | 1,645 | 1,549 |
| IFRS 16 depreciation | Note 9 | 2,737 | 2,761 |
| EBITDA | | 6,779 | 10,161 |
| IFRS 16 lease payments | | (3,712) | (3,630) |
| IFRS 2 - share based payments | Note 17 | 150 | 492 |
| Exceptional income | | (1,138) | - |
| Exceptional expense | | 722 | 888 |
| Exceptional expense/(reversal) of intercompany impairment provision | | 1,163 | (11,449) |
| Management EBITDA | | 3,964 | (3,538) |

Non-recurring transactions outside the ordinary course of business are treated as exceptional items. This includes:

Recovery of VAT totalling £1,138,000 (2022: £nil). The balance has been treated as taxable income.

Restructuring costs of £722,000 were incurred in the period as a result of a review of the business structure (2022: £nil). The balance has been treated as a deductible expense.

One off refurbishment costs in relation to the Flagship store £nil (2022: £888,000).

An intercompany impairment provision charge of £1,163,000 was recognised in the year (2022: credit of £11,449,000)

Principal risks and uncertainties

The Directors and the senior executive team identify and evaluate risks and uncertainties in the period covered by the Group Business Plan and design controls to mitigate these. Responsibility for management of each key risk is identified and delegated by the Directors to specific senior executives within each of the Group's operating businesses.

This section describes some of the specific risks that could materially affect the Company's businesses. The risks outlined below should be considered in connection with any financial and forward-looking information in the financial statements. These risks could materially affect the Company's business, its operating profits, earnings, net assets, liquidity and capital resources.

Economic, political, social and regulatory changes adversely affecting the Company'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.

The Company continues to monitor and assess the impact on the company due to changes in economic, political, social and regulatory decision making. The Company considers whether any changes have an adverse impact and will address these with mitigating factors as seen fit.

LIBERTY RETAIL LIMITED

STRATEGIC REPORT (continued) for the 52 week period ended 28 January 2023

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.

Cyber security

The Company regularly conduct risk assessments, which includes evaluating the network infrastructure, data handling practices, and the effectiveness of existing security measures. The Group deploys robust security measures to protect sensitive data and mitigate cybersecurity risks. This includes firewalls, intrusion detection and prevention systems, secure access controls, regular software updates and patches and network segmentation and strong password policies to further enhance security.

In addition, the Company also conducts regular training sessions with its employees to raise awareness about phishing attacks, social engineering, data handling protocols, and the importance of reporting security incidents promptly. Regular internal audits are carried out to assess the organisation's cybersecurity posture and vulnerability. The Company also partners with external cybersecurity and compliance experts to provide specialised guidance and stay updated on emerging threats and regulatory changes.

Loss of key management personnel

The Company is reliant on its team of executives. The future success of the Company depends on the ability of its existing management team, the identification and appointment of suitable additional executives when required, and on the Company's ability to motivate and retain staff with the requisite experience. The company implements a robust recruitment process to ensure the quality and quantity of hiring is sufficient and the Company continues to engage with employees throughout their employment to ensure that the Company continues to retain key personnel.

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 trade mark or copyright infringement, steps are taken to enforce the Group's legal right in relation to that infringement.

Pension scheme shortfalls

The Liberty Retail Limited Pension Scheme ("the Scheme"), which is a defined benefit pension scheme, has a net asset value of £234,000 (2022: £3,657,000). 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.

LIBERTY RETAIL LIMITED

STRATEGIC REPORT (continued) for the 52 week period ended 28 January 2023

Principal risks and uncertainties (continued)

Financial risk management objectives and policies

The Company uses various financial instruments and is also exposed to risk in respect of its holding of investments in subsidiary undertakings. Existence of these financial instruments exposes the Company to a number of financial risks which are described in more detail below. The main risks to the Company arising from its financial instruments are market risk, credit risk, liquidity risk and investment impairment risk. Directors and management review and agree the approach to manage each of these

Market risk

Market risk that affects the Company is the risk that changes in market prices, such as interest rates, foreign currency rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while seeking to optimise returns to shareholders. The Company does not enter into hedge contracts on a speculative or trading basis.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The risk to the Company arises principally from the Company's receivables from customers, inter group receivables and from deposits with financial institutions.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the general default risk in the principal sectors in which the Company operates, has less of an influence on credit risk. The Company maintains credit insurance which protects against bad debts that may arise, with an excess of the higher of £2,000 or 10% payable per claim.

The company has group receivables and only engages with fellow wholly owned members of the group. The Company deposits money with financial institutions and monitors the health and financial condition of those institutions.

Liquidity risk

The Company's treasury policies are designed to ensure that sufficient committed facilities are available to support current and future business requirements. Cash management is a core feature of the Board's business model and rolling cash flow forecasts, updated on a weekly basis, are controlled by the Directors and senior executives to manage these requirements.

Investment impairment risk

The directors understand the risks associated with the investments held by the entity and the fact that these risks relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the Company reviews the financial performance of its investments on a regular basis. The directors are satisfied that the carrying value of the investments is appropriate.

Capital management policy

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders; and
- to ensure sufficient liquid resources are available to meet the funding requirement of its working capital cycles and to fund new projects where identified.

This is achieved through ensuring sufficient bank and other facilities are in place, alongside the continual monitoring of cashflow forecasts and other financial key performance indicators.

LIBERTY RETAIL LIMITED

STRATEGIC REPORT (continued) for the 52 week period ended 28 January 2023

Changes in tax legislation materially changing the tax paid by the Company

The Company is exposed to risks from increases in tax rates and changes in the basis of taxation, including corporation tax and VAT. The engagement of experienced executives within the Company to handle these matters enhances the protection to the Company in this area of its activities. The Company also maintain 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.

Section 172 statement

The Directors, in line with their duties under s172 of the 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. Examples of such actions are as detailed below:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

| Material Stakeholders | What is Important to the stakeholder | Methods of Engagement | Consideration and Impact |
|-----------------------|---|---|--|
| Shareholders | <ul style="list-style-type: none"> Profitability and business growth potential Accurate and reliable business information | <ul style="list-style-type: none"> Regular update meetings with directors and board members Access to senior management outside of regular update meetings Specific investor calls for non-board members | <ul style="list-style-type: none"> Regular financial updates on business performance Involvement in investment plans for future growth initiatives Involvement in funding strategies |
| Employees | <ul style="list-style-type: none"> Regular communication and engagement Career development Wellbeing and flexible working Fostering a diverse and inclusive culture | <ul style="list-style-type: none"> Surveys around relevant topics Individual performance reviews and development plans Engage with our workforce through the Liberty Forums and internal communications | <ul style="list-style-type: none"> Employee remuneration was reviewed and amended to reflect cost of living pressures and to remain competitive Continuation of the Equality Forum to allow for differing external speakers to talk about key equality aspects in modern society Regular town halls with business updates |

LIBERTY RETAIL LIMITED

STRATEGIC REPORT (continued) for the 52 week period ended 28 January 2023

Section 172 statement (continued)

| Material Stakeholders | What is Important to the stakeholder | Methods of Engagement | Consideration and Impact |
|-----------------------|--|---|---|
| Customers | <ul style="list-style-type: none"> Curated product selection and design that fits customer needs Customer service and experience befitting a luxury brand | <ul style="list-style-type: none"> Ensure customer expectations are continuously met through post contact surveys Marketing highlighting new product or lifestyle ideas | <ul style="list-style-type: none"> Expansion of beauty subscription loyalty program Designed and developed new Liberty branded product categories |
| Suppliers | <ul style="list-style-type: none"> Reliable and timely payment Regular communication as to how their brand is performing and any actions we may have to take to mitigate poor performance Importance to Liberty is that suppliers are meeting the ethical code that Liberty expects from all suppliers. | <ul style="list-style-type: none"> Designated point of contact for all suppliers Constant review of supplier base to ensure the brand is still relevant for Liberty CSR team communicating with suppliers to ensure ethical code of conduct is met | <ul style="list-style-type: none"> The buying team work with suppliers to develop and buy the relevant products for current customer trends Review of non-inventory suppliers to ensure value is still obtained |
| Debt holders | <ul style="list-style-type: none"> Future success of the business ensuring covenants and financial obligations are met Accurate and reliable business information | <ul style="list-style-type: none"> Debt holders are represented on the Board Senior finance individuals host quarterly updates with debt holders | <ul style="list-style-type: none"> Receive a monthly financial pack Receive a more detailed quarterly update regarding historical and future performance An amended and extended Senior Facility Agreement was signed in the period The Directors are actively engaging key stakeholders to prepare for a full refinance of the Group's debt facilities |

LIBERTY RETAIL LIMITED

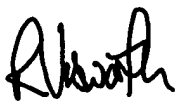
STRATEGIC REPORT (continued) for the 52 week period ended 28 January 2023

Section 172 statement (continued)

| Material Stakeholders | What is Important to the stakeholder | Methods of Engagement | Consideration and Impact |
|---------------------------|--|---|--|
| Pension Trustees | <ul style="list-style-type: none"> Ensure the pension scheme is fairly treated by the Group Regular updates on performance and strategy of the business Move towards self-sufficiency for funding the scheme in the medium term | <ul style="list-style-type: none"> Trustees' meetings take place every quarter attended by the CFO who is the company appointed trustee Regular communication with the Trustees on specific issues | <ul style="list-style-type: none"> Agreed a method and timeline for GMP equalisation Monitored and assessed the funding position in line with medium term projections Reviewed the hedging and investment strategy and approve trades to execute the strategy Monitor the performance of the administrator of the scheme |
| Community and environment | <ul style="list-style-type: none"> Responsible business practices Environmental impact of our operations Community partnerships | <ul style="list-style-type: none"> Regular engagement with suppliers of Liberty product to ensure that they are meeting the ethical standards Liberty requires. Selection and promotion of charity partners aligned to Liberty values | <ul style="list-style-type: none"> Continued implementation of ethical trade program in relation to Liberty suppliers and further detailed mapping of the cotton supply chain. Ongoing development of fabric bases with lower environmental impact |

The outcome and actions explain the key involvement of the directors in the period in respect to their section 172 obligations.

On behalf of the board



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

29 June 2023

LIBERTY RETAIL LIMITED

DIRECTORS' REPORT

for the 52 week period ended 28 January 2023

Directors

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

Adil Mehboob-Khan
Robert Unsworth

Financial risk management and principal risks and uncertainties

Details of future developments, financial risk management and principal risks and uncertainties can be found in the Strategic Report and form part of this report by cross reference.

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.

Results and dividends

The Company generated a loss before taxation of £2,555,000 (2022: £187,000). The Directors do not recommend the payment of a dividend (2022: £nil).

Going Concern

The Directors have received confirmation of parental support and that its fellow group undertakings will not seek repayment of their intra-group loans presented in current liabilities until such a time as the Company is able to repay these liabilities. The Company is controlled by Liberty Zeta Limited and shares a common treasury function and executive directors. In making their assessment the directors have therefore considered the going concern position of Liberty Zeta Limited, which is explained below.

The Directors confirm that having reviewed the Group and parent company cash requirements for a period of thirteen months from the date of signing these financial statements, they have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence and to meet their liabilities as and when they fall due.

Basis of Assessment

The Directors extended the period under review, beyond the minimum twelve months required by regulatory standards, to July 2024 to encompass the covenant test at the end of the financial quarter. This period is considered appropriate because:

- It aligns with the Group's approach to planning
- It is sufficient to cover all currently approved capital expenditure projects
- A period beyond this date is not concluded as being appropriate due to ongoing economic uncertainty

Debt Facilities

In assessing the viability of the Group, the Directors have considered the Group's current liquidity and available facilities.

In September 2022, the group entered into an amended finance agreement which included the following:

- Upon repayment of the final £10,000,000 tranche of the original £15,000,000 CLIBLS loan in July 2023 the group will have access to a new 6-month revolving credit facility, with a value of £5,000,000 for a period of 6 months.
- Lenders agreed for elements of future interest payment to be converted into debt.
- The Group also agreed an extension of existing facilities; the revolving credit facility termination date was extended from July 2023 to October 2024 and the Senior Debt termination date was extended from January 2024 to January 2025. The Group is subsequently well positioned to approach the market for a new debt facility in the second half of 2023.

LIBERTY RETAIL LIMITED

DIRECTORS' REPORT (continued) for the 52 week period ended 28 January 2023

Going Concern (continued)

The Directors are actively engaging key stakeholders to prepare for a full refinance of the Group's debt facilities; the refinance will not only include existing tranches of debt but may also encompass new facilities to fund future growth. The Group intends to finalise the funding requirements by the summer of 2023, with the intention to go to market in the second half of the financial year. The Group aims to sign a new senior facilities agreement by the end of April 2024. At the time of approving these financial statements, Directors have confidence from prospective lenders that the timeline outlined above is achievable based on the current risk profile of the Group. The existing lenders have also indicated there is appetite to refinance.

Scenarios

The Group has successfully traded out of the COVID-19 pandemic. The Flagship store was the only channel severely impacted by COVID-19 with both E-Commerce and Liberty Fabrics growing revenues in this period. The Directors are now well positioned to consider growth initiatives and have assessed an initial 3-year plan which allows the Directors to make informed decisions regarding the current obligations the Group faces, whilst also considering other geopolitical and macroeconomic risks.

The more important risk factors that may affect the short term plans for the group arise around the execution of the strategy and changing consumer behaviour, especially considering current inflation and rising interest rates.

Downside scenarios management consider severe, but plausible in nature were run over the time period between the balance sheet date and the period ending July 2024; these scenarios included a reduction in revenues, inflationary pressures on the cost base and increases to the UK interest rate commensurate with the interest terms that the Group expects to achieve upon its planned refinancing.

The Group's covenant requirements were tested against these downside scenarios and whilst there was sufficient headroom for each covenant requirement, if a combination of these downside scenarios were to happen the Group has the option to call on a contracted £4,000,000 remaining shareholder commitment to ensure the headroom remains.

The Directors remain confident that actions within their control, such as the ability to reduce costs, capital expenditure and manage working capital, can be implemented to ensure the Group and parent company would be able to comply with its liquidity and leverage covenants.

LIBERTY RETAIL LIMITED

DIRECTORS' REPORT (continued) for the 52 week period ended 28 January 2023

Employment (including disabled employees)

Liberty Retail Limited operates as part of the Group employment programme, of which details of this can be seen below:

Employee engagement and development

We pride ourselves at Liberty with a culture of openness and transparency with colleagues and have developed a programme of communication from the Leadership Team. As part of these interactions, employees are made aware of the current state of the business and the future plans of the Group.

It is 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 a publication tool including "Yammer", an enterprise social network and the quarterly "Liberty Forum" led by the senior management team.

We manage the majority of our recruitment via an in house Talent Team who are heavily focussed on attracting a range of candidates to ensure that we have a diverse and inclusive employee pool. We remain committed to the personal development of our employees and continue to review innovative ways to ensure that employees have personal development plans in place.

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. The health and safety of employees is important to the Group and reviewed periodically in light of good practice and developing legislation.

Environmental responsibility and health and safety

The Group considers that corporate social responsibility and effective corporate governance are important components of its businesses. The Group is committed to fair treatment of all stakeholders in the business, and to responsible employment policies.

The Group's risk review assists the Directors in identifying and assessing risks that could affect the businesses of the Group. This in turn enables them to implement appropriate social, ethical and environmental policies in conjunction with the financial policies of the Group. The Group does not operate in areas of high environmental risk. One of its principal environmental impacts arises from energy consumption, with electricity now procured from renewable sources. The Group also seeks to reduce the impact of paper usage by recycling and by the increasing use of online transmissions and electronic data collection.

The Directors operate the business in pursuit of good environmental standards, including the following:

- Respecting the environment in which the Group operates, whilst maintaining commercial viability and long term profitability;
- Setting objectives and targets and monitoring performance to ensure adherence to Group policies;
- Raising the environmental awareness of employees and customers;
- Working in partnership with suppliers and contractors to ensure effective management of environmental and social impacts and to minimise any adverse impact of operations on the environment; and
- Complying with relevant legislation and related requirements.

LIBERTY RETAIL LIMITED

DIRECTORS' REPORT (continued) for the 52 week period ended 28 January 2023

Environmental responsibility and health and safety (continued)

The Directors adopt high levels of health and safety at work. Health and safety considerations are addressed as follows:

- Providing a good working environment for employees and treating employees with fairness, dignity and respect;
- Promoting a high standard of health and safety for staff and contractors;
- Operating an equal opportunities policy for all job applicants; and
- Complying with relevant legislation and related requirements.

The ultimate responsibility for health and safety issues within the Group rests with Chief Executive Officer.

Environmental impact – energy consumption and greenhouse gas emissions

The table below sets out a summary of Liberty's UK energy usage, associated emissions, energy efficient actions and energy performance.

| Utility and Scope | 2022/23 consumption (KWh) | 2022/23 consumption (tCO2e) | 2021/22 consumption (KWh) | 2021/22 consumption (tCO2e) |
|-------------------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
| Gaseous and other fuels (scope 1) | 94,924 | 17.29 | 109,902 | 20.14 |
| Grid supplied electricity (scope 2) | 2,554,927 | 488.53 | 2,806,252 | 589.76 |
| Transport fuels energy consumption | 10,006 | 2,338.35 | 2,746 | 0.66 |
| TOTAL | 2,659,857 | 2,844.17 | 2,918,900 | 610.56 |

Emissions intensity

| Intensity Metric | 2022/23 tCO2e/1000m2 | 2021/22 tCO2e/1000m2 |
|-------------------------------------|----------------------|----------------------|
| Intensity metric – total floor area | 187.44 | 40.24 |

The above data reflects consumption of sites where the company has the ability to influence energy management. Data is not reported where the company has limited or no ability to influence energy management (for example for concessions within the store). Scope 1 and 2 consumption, CO2e emission data and the Emission Factor Database used are considered with the 2022 UK government environmental reporting guidance, using the current published KWh gross calorific value (CV) and KgCO2e relevant for the year under review.

We are committed to year on year improvements in our operational energy efficiency. Examples of efficiency measures undertaken during the period include a retrofit fit programme to the Tudor shopfloor lighting, replacing Metal Halide lamps for LED, 35 watts down to 9.6 watts. Each light fitting requires modification, this is carried out by the in-house maintenance team when a lamp fails, the energy use reduction is 72% per fitting. The energy saving is equal to the cost of the replacement lamp resulting in instant payback. This work is carried out across all floors with circa 1000 fittings modified to date.

LIBERTY RETAIL LIMITED

DIRECTORS' REPORT (continued) for the 52 week period ended 28 January 2023

Section 172 statement

All information in respect of our reporting requirements under S172 of the Companies Act is included in the Strategic Report.

Statement as to disclosure of information to auditor

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 auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Re-appointment of auditor

Ernst & Young LLP were appointed as auditor of the Company for the period ended 28 January 2023 and have expressed their willingness to continue in office.

On behalf of the Board



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

29 June 2023

LIBERTY RETAIL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT for the 52 week period ended 28 January 2023

Statement on Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 conformity with the Companies Act 2006, including Financial Reporting Standard 101 (reduced disclosure framework) (FRS 101). 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 in accordance with IAS 8 Accounting Policies, changes in accounting estimates and errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- in respect of the financial statements, state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not 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 to 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY RETAIL LIMITED

Opinion

We have audited the financial statements of Liberty Retail Limited for the 52 week period ended 28 January 2023, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 28 January 2023 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 13 months from when the financial statements are authorised for issue to 31 July 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

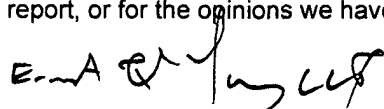
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is explained below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 (Reduced Disclosure Framework)), the relevant direct and indirect tax compliance regulation in the United Kingdom, employment laws in the relevant jurisdictions and reporting obligations in the UK including the Modern Slavery Act. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, data protection and anti-bribery and corruption.
- We understood how the company complies with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains its policies and procedures in these areas and corroborated this by reviewing supporting documentation such as the Code of Conduct.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.
- We incorporated data analytics into our testing of revenue and manual journals. We performed audit procedures to address the fraud risk, including testing manual journals which were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error. We tested specific transactions back to source documentation or independent confirmations as appropriate.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading minutes from the Board of Directors, enquiries of management and journal entry testing, with a focus on manual journals and journals indicating significant unusual transactions identified by specific risk criteria based on our understanding of the business.

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

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.



Zishan Nur Mohamed (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

29/06/2023

LIBERTY RETAIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the 52 week period ended 28 January 2023

| | Note | 52 week period ended 28 January 2023 | 52 week period ended 29 January 2022 |
|---|------|---|---|
| | | £000 | £000 |
| Revenue | 2 | 116,171 | 82,028 |
| Cost of sales | | (54,830) | (39,590) |
| Gross profit | | 61,341 | 42,438 |
| Selling and distribution costs | | (53,136) | (44,385) |
| Administrative expenses | | (7,436) | (6,581) |
| Exceptional income | | 1,138 | - |
| Exceptional expenses | | (722) | (888) |
| Exceptional (charge)/reversal of intercompany impairment provision | | (1,163) | 11,449 |
| Grant income | | - | 453 |
| Operating profit | 3 | 22 | 2,486 |
| Finance income | 5 | 90 | 40 |
| Finance expenses | 5 | (2,667) | (2,713) |
| Loss before tax | | (2,555) | (187) |
| Taxation | 6 | (35) | 4,033 |
| (Loss)/profit for the financial period | | (2,590) | 3,846 |
| Other comprehensive income | | | |
| <i>Items that will not be subsequently reclassified to the Statement of Comprehensive Income:</i> | | | |
| Actuarial (loss)/gain on defined benefit pension plans | 10 | (4,006) | 1,112 |
| Deferred tax relating to defined benefit pension schemes | 6 | 761 | (211) |
| Other comprehensive (expense)/income, net of tax | | (3,245) | 901 |
| Total comprehensive (expense)/income, net of tax | | (5,835) | 4,747 |

All operations are continuing. The notes on pages 20 to 44 form part of these financial statements.

LIBERTY RETAIL LIMITED

STATEMENT OF FINANCIAL POSITION as at 28 January 2023

| | Note | 28 January 2023 £000 | 29 January 2022 £000 |
|--|------|----------------------------|----------------------------|
| Fixed assets | | | |
| Intangible assets | 7 | 4,695 | 5,459 |
| Property, plant and equipment | 8 | 12,480 | 13,839 |
| Right of Use asset | 9 | 49,528 | 52,265 |
| Pension asset | 10 | 234 | 3,657 |
| Investments | 11 | - | - |
| | | 66,937 | 75,220 |
| Current assets | | | |
| Inventories | 12 | 12,954 | 11,670 |
| Trade and other receivables | 13 | 37,574 | 32,634 |
| Deferred tax asset | 14 | 14,719 | 13,993 |
| Cash at bank and in hand | | 5,801 | 10,806 |
| | | 71,048 | 69,103 |
| Creditors: amounts falling due within one year | | | |
| Trade and other payables | 15 | (50,830) | (51,963) |
| Provisions | 16 | (1,421) | - |
| Lease liability | 9 | (1,045) | (917) |
| | | (53,296) | (52,880) |
| Net current assets | | 17,752 | 16,223 |
| Total assets less current liabilities | | 84,689 | 91,443 |
| Creditors: amounts falling due after more than one year | | | |
| Lease liability | 9 | (55,792) | (56,976) |
| | | (55,792) | (56,976) |
| Net assets | | 28,897 | 34,467 |
| Equity | | | |
| Share capital | 18 | 26,641 | 26,413 |
| Share premium account | | 928 | 928 |
| Capital contribution reserve | | 2,175 | 2,025 |
| Retained Earnings | | (847) | 5,101 |
| Total equity | | 28,897 | 34,467 |

The financial statements on pages 17 to 19 were approved by the Board of Directors on 28 June 2023 and signed on its behalf by:



Robert Unsworth
Director
29 June 2023

LIBERTY RETAIL LIMITED

STATEMENT OF CHANGES IN EQUITY for the 52 week period ended 28 January 2023

| | Called up share capital | Share premium account | Capital Contribution reserve | Retained earnings | Total Equity |
|-----------------------------------|-------------------------------|-----------------------------|------------------------------------|----------------------|-----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Balance at 30 January 2021 | 26,413 | 928 | 1,533 | 354 | 29,228 |
| Profit for the period | - | - | - | 3,846 | 3,846 |
| Other comprehensive income | - | - | - | 901 | 901 |
| Total comprehensive income | - | - | - | 4,747 | 4,747 |
| Share based payment | - | - | 492 | - | 492 |
| Balance at 29 January 2022 | 26,413 | 928 | 2,025 | 5,101 | 34,467 |
| Loss for the period | - | - | - | (2,590) | (2,590) |
| Other comprehensive income | - | - | - | (3,245) | (3,245) |
| Total comprehensive income | - | - | - | (5,835) | (5,835) |
| Acquisition of preference shares | 228 | - | - | (113) | 115 |
| Share based payment | - | - | 150 | - | 150 |
| Balance at 28 January 2023 | 26,641 | 928 | 2,175 | (847) | 28,897 |

The notes on pages 20 to 44 form part of these financial statements.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

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 in accordance with international accounting standards in conformity with the requirements of the 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 UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and are available to the public and may be obtained from the address given in note 21.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

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*.
- IFRS 2 *Share Based Payments* in respect of group settled share-based payments.

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 Directors have received confirmation of parental support and that its fellow group undertakings will not seek repayment of their intra-group loans presented in current liabilities until such a time as the Company is able to repay these liabilities. The Company is controlled by Liberty Zeta Limited and shares a common treasury function and executive directors. In making their assessment the directors have therefore considered the going concern position of Liberty Zeta Limited, which is explained below.

The Directors confirm that having reviewed the Group and parent company cash requirements for a period of thirteen months from the date of signing these financial statements, they have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence and to meet their liabilities as and when they fall due.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

1. ACCOUNTING POLICIES (continued)

Going Concern

Basis of Assessment

The Directors extended the period under review, beyond the minimum twelve months required by regulatory standards, to July 2024 to encompass the covenant test at the end of the financial quarter. This period is considered appropriate because:

- It aligns with the Group's approach to planning
- It is sufficient to cover all currently approved capital expenditure projects
- A period beyond this date is not concluded as being appropriate due to ongoing economic uncertainty

Debt Facilities

In assessing the viability of the Group, the Directors have considered the Group's current liquidity and available facilities. In September 2022, the group entered into an amended finance agreement which included the following:

- Upon repayment of the final £10,000,000 tranche of the original £15,000,000 CLIBLS loan in July 2023 the group will have access to a new 6-month revolving credit facility, with a value of £5,000,000 for a period of 6 months.
- Lenders agreed for elements of future interest payment to be converted into debt.
- The Group also agreed an extension of existing facilities; the revolving credit facility termination date was extended from July 2023 to October 2024 and the Senior Debt termination date was extended from January 2024 to January 2025. The Group is subsequently well positioned to approach the market for a new debt facility in the second half of 2023.

The Directors are actively engaging key stakeholders to prepare for a full refinance of the Group's debt facilities; the refinance will not only include existing tranches of debt but may also encompass new facilities to fund future growth. The Group intends to finalise the funding requirements by the summer of 2023, with the intention to go to market in the second half of the financial year. The Group aims to sign a new senior facilities agreement by the end of April 2024. At the time of approving these financial statements, Directors have confidence from prospective lenders that the timeline outlined above is achievable based on the current risk profile of the Group.

Scenarios

The Group has successfully traded out of the COVID-19 pandemic. The Flagship store was the only channel severely impacted by COVID-19 with both E-Commerce and Liberty Fabrics growing revenues in this period. The Directors are now well positioned to consider growth initiatives and have assessed an initial 3-year plan which allows the Directors to make informed decisions regarding the current obligations the Group faces, whilst also considering other geopolitical and macroeconomic risks.

The more important risk factors that may affect the short-term plans for the group arise around the execution of the strategy and changing consumer behaviour, especially considering current inflation and rising interest rates.

Downside scenarios management consider severe, but plausible in nature were run over the time period between the balance sheet date and the period ending July 2024; these scenarios included a reduction in revenues, inflationary pressures on the cost base and increases to the UK interest rate commensurate with the interest terms that the Group expects to achieve upon its planned refinancing.

The Group's covenant requirements were tested against these downside scenarios and whilst there was sufficient headroom for each covenant requirement, if a combination of these downside scenarios were to happen the Group has the option to call on a contracted £4,000,000 remaining shareholder commitment to ensure the headroom remains.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

1. ACCOUNTING POLICIES (continued)

Going Concern (continued)

The Directors remain confident that actions within their control, such as the ability to reduce costs, capital expenditure and manage working capital, can be implemented to ensure the Group and parent company would be able to comply with its liquidity and leverage covenants.

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:

- **Exceptional items** – are those items that the Group considers to be material in nature and out of the normal course of business that should be brought to the reader's attention in understanding the Group's financial performance. Exceptional items arising in the period have been disclosed in Note 3.
- **Alternative performance measures (APMs)** - Management exercise judgement in determining the adjustments to apply to IFRS measurement in order to derive suitable APMs. APMs are used as Management believe these measures provide additional useful information on the trends, performance and position of the group. APM's used by Management have been disclosed in the strategic report.
- **Beauty subscription** - Management exercise judgement in determining the amount of revenue recognised in relation to the Group's Beauty subscription program. Further information has been provided within the revenue accounting policy in Note 1.

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. Further details on the pension scheme are disclosed in note 10;
- **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;
- **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. Further details on leases are disclosed in note 9;
- **Taxation** - Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Company has £14,719,000 (2022: £13,993,000) which comprises of the origination and reversal of timing differences, adjustments in respect of prior periods and the effect of tax rate changes. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on taxes are disclosed in Note 6.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

1. ACCOUNTING POLICIES (continued)

Use of estimates and judgements (continued)

Estimates (continued)

- **Share based payment** - Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Company initially measures the cost of cash-settled transactions with employees using a Monte-Carlo simulation to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Monte-Carlo simulation. Further details on share-based payments are disclosed in note 17.
- **Development costs** - The Company capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. This amount includes significant investment in the development of IT systems and Design Archive which are disclosed in note 7.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities 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 retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on transactions are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value is determined.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

1. ACCOUNTING POLICIES (continued)

Financial assets (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as below:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified as below:

- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

1. ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 Company 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 Statement of Comprehensive Income. 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.

Intangible assets

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Comprehensive Income 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.

Computer Software

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged so as to write off the cost of computer software using the straight line method over the estimated useful life of five years.

Assets under construction are not amortised until they are placed into service.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

1. ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of property, plant and equipment, less residual amounts, using the straight line method, over their following estimated useful lives:

| | |
|----------------------------------|---------------|
| Fixtures, fittings and equipment | 5 to 10 years |
| Computer Equipment | 3 to 5 years |
| Leasehold improvements | 33 years |

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Assets under construction are not depreciated until they are placed into service.

Heritage Assets

Heritage assets consist of a silverware, paintings and furniture. These are deemed to have an indefinite useful life.

Impairment

In accordance with IAS 36 the carrying amounts of the Company's non financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have an indefinite useful life, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash generating unit is the higher of its value in use and its fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating unit).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit/Group of units exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any intangible asset allocated to the unit and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

Impairment losses, on assets other than goodwill, recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

1. ACCOUNTING POLICIES (continued)

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the Statement of Comprehensive Income.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in the Statement of Comprehensive Income when the plan amendment or curtailment occurs.

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 Company, 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.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. Where the Company's parent grants rights to its equity instruments to the Company's employees, these are accounted for as equity-settled share-based payments by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

1. ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. Bank overdrafts are shown within borrowings in current liabilities.

Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Inventories

Inventories are stated at the lower of cost and net realisable value. 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.

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.

The company also recognises revenue from a contract to provide services, which for the Group comprises of a subscription service, which is recognised over the period that the subscription relates to in accordance with the stage of completion of the contract. The Group offer monthly subscriptions, which are all deferred upon receipt of subscription payment. Revenue is recognised when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- The stage of completion of the contract at the end of the financial year can be measured reliably;
- The costs incurred and the costs to complete the contract can be measured reliably.

Revenue is not recognised in excess of the total subscription consideration received.

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

Breakage revenue from gift vouchers and gift coins sold by the Company 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 as they arise and are deducted from revenue in the period in which they are accrued.

It is the Company'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.

Expenses

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.

Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the Group's ordinary activities. These items are material by size and occurrence.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

1. ACCOUNTING POLICIES (continued)

Finance income and expenses

Financing expenses comprise interest expense and net foreign exchange losses that are recognised in the Statement of Comprehensive Income (see foreign currency accounting policy).

Finance income comprises interest income on funds invested, dividend income, net fair value gains on derivatives and net foreign exchange gains that are recognised in the Statement of Comprehensive Income (see foreign currency accounting policy). Interest income and expense is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest rate method. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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 taxation 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.

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 Statement of Comprehensive Income 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 Company 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.

Debt/equity

Under IAS 32, preference shares are classed as equity instruments in the 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 another entity under conditions that are potentially unfavourable to the issuer

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

2. REVENUE

The Company has disaggregated revenue into various categories in the following table which is intended to depict the nature, amount and timing of revenue and cash flows. All numbers are in £'000.

| Selling channel | Product types | | Total |
|--|---------------|---------------|----------------|
| | Liberty brand | Other brands | |
| 52 week period ending 28 January 2023 | | | |
| Flagship store | 13,761 | 51,760 | 65,521 |
| Online | 18,934 | 25,590 | 44,524 |
| Other | 1,421 | 4,705 | 6,126 |
| Total revenue from contracts with customers | 34,116 | 82,055 | 116,171 |
| Geographical market* | | | |
| 52 week period ending 28 January 2023 | | | |
| United Kingdom | 34,116 | 82,055 | 116,171 |
| Total revenue from contracts with customers | 34,116 | 82,055 | 116,171 |
| Selling channel | | | |
| 52 week period ending 29 January 2022 | | | |
| Flagship store | 5,845 | 31,476 | 37,321 |
| Online | 15,707 | 25,046 | 40,753 |
| Other | - | 3,954 | 3,954 |
| Total revenue from contracts with customers | 21,552 | 60,476 | 82,028 |
| Geographical market* | | | |
| 52 week period ending 29 January 2022 | | | |
| United Kingdom | 21,552 | 60,476 | 82,028 |
| Total revenue from contracts with customers | 21,552 | 60,476 | 82,028 |

All revenue from contracts with customers is recognised on transfer of goods at a point in time. All revenue from contracts with customers is recognised on transfer of services over a period of time. The performance obligations for each revenue stream are explained in the accounting policies in Note 1. Trade receivables arising from revenue is included in Note 13. Included within Other Brands is £259,000 (2022: £884,000) in relation to breakage on the loyalty scheme. The Beauty Drop subscription scheme is only offered to customers in the United Kingdom. £4,931,000 (2022: £nil) is included within Liberty Brand and Other Brands and is recognised over time. All other revenue is recognised at a point in time.

*Based on the country of sale.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

3. OPERATING PROFIT

| | 52 week period ended 28 January 2023 £000 | 52 week period ended 29 January 2022 £000 |
|--|---|---|
| Operating profit is stated after charging/(crediting) the following: | | |
| Depreciation of fixed assets | 2,375 | 3,365 |
| Depreciation of right of use assets | 2,737 | 2,761 |
| Amortisation of intangible assets | 1,645 | 1,549 |
| Auditors remuneration | 128 | 95 |
| Exceptional income | 1,138 | - |
| Exceptional expenses | 722 | 888 |
| Exceptional charge/(reversal) of intercompany impairment provision | 1,163 | (11,449) |
| Loss on disposal of assets | 279 | - |
| Foreign exchange gains | (107) | (173) |
| Grant income | - | (453) |

Exceptional items

Non-recurring and material transactions outside the ordinary course of business are treated as exceptional items. Items in the period include:

Recovery of VAT totalling £1,138,000 (2022: £nil) following the creation of a Bespoke Retail Scheme Agreement with HMRC. The balance has been treated as taxable income.

Restructuring costs of £722,000 were incurred in the period as the business was restructured to adapt to a post COVID-19 environment (2022: £nil). The balance has been treated as a tax deductible expense.

One off refurbishment costs in relation to the Flagship store £nil (2022: £888,000). The prior year balance was treated as eligible for capital allowances.

An intercompany impairment provision charge of £1,163,000 was recognised in the year (2022: credit of £11,449,000). The balance has been treated as a non deductible expense.

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 28 January 2023 Number | 52 week period ended 29 January 2022 Number |
|--------------------------|---|---|
| Selling and distribution | 288 | 267 |
| Design | 67 | 69 |
| Administration | 86 | 85 |
| | 441 | 421 |

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

4. STAFF NUMBERS AND COSTS (continued)

The aggregate payroll cost of the persons were as follows:

| | 52 week period ended 28 January 2023 £000 | 52 week period ended 29 January 2022 £000 |
|-----------------------|---|---|
| Wages and salaries | 16,392 | 15,000 |
| Social security costs | 1,962 | 1,715 |
| Share based payment | 150 | 492 |
| Other pension costs | 654 | 594 |
| Grant income | - | (453) |
| | 19,158 | 17,348 |

In respect of the grant income, the company claimed amounts from HMRC in respect of the Coronavirus Job Retention Scheme (CRJS) totalling £nil (2022: £453,000). In the current year, no amounts were recharged to Liberty Fabric Limited (2022: £nil) and no amounts were recharged to Liberty of London Limited (2022: £nil).

Directors emoluments

Two directors (2022: two) received remuneration in respect of services to the company and subsidiary undertakings. It is not possible to apportion the amount paid to these directors for qualifying services to this company, however total remuneration of £1,342,000 (2022: £1,154,000) was borne by the company. The pension contributions for the two directors amounted to £44,000 (2022: £36,000).

The highest paid director received remuneration amounting to £1,038,000 (£850,000) which includes pension contributions of £34,000 (2022: £26,000). Retirement benefits were accruing to two directors (2022: two) in respect of defined contribution pension schemes. No other fees were paid to Directors in respect to services provided (2022: nil).

5. FINANCE INCOME AND EXPENSES

| | 52 week period ended 28 January 2023 £000 | 52 week period ended 29 January 2022 £000 |
|---|---|---|
| Finance income receivable on: | | |
| Defined benefit pension scheme net financing income | 90 | 40 |
| Total finance income for the period | 90 | 40 |
| Finance cost payable on: | | |
| Bank overdrafts | (11) | (12) |
| Lease liability interest | (2,656) | (2,701) |
| Total finance expense for the period | (2,667) | (2,713) |

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

6. TAXATION

| | 52 week period ended 28 January 2023 £000 | 52 week period ended 29 January 2022 £000 |
|--|---|---|
| Deferred tax (see note 14): | | |
| Prior period adjustment | 69 | (12) |
| Effect of change in rate | (385) | (3,163) |
| Origination and reversal of timing differences | (410) | (647) |
| Total deferred tax credit | (726) | (3,822) |
| Deferred tax charge in the Statement of Comprehensive Income | 35 | (4,033) |
| Deferred tax charge in Other Comprehensive Income | (761) | 211 |
| Total deferred tax credit | (726) | (3,822) |

The tax for the period differs (2022: differs) from the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

| | 52 week period ended 28 January 2023 £000 | 52 week period ended 29 January 2022 £000 |
|---|---|---|
| Loss on ordinary activities before tax | (2,555) | (187) |
| Loss on ordinary activities multiplied by the standard rate in the UK 19% (2022: 19%) | (485) | (36) |
| Effects of: | | |
| Adjustments in respect of prior periods | - | 12 |
| Expenses not deductible for tax purposes | 228 | 108 |
| Income not taxable for tax purposes | - | (2,205) |
| Remeasurement of deferred tax for changes in tax rates | (385) | (3,163) |
| Other movements | 6 | 6 |
| Other permanent differences | (6) | (5) |
| Group relief surrendered/(claimed) | 526 | 1,119 |
| Adjustments to deferred tax in respect of prior periods | 69 | - |
| Amounts charged to OCI or otherwise transferred | (761) | 211 |
| Fixed asset differences | 82 | 131 |
| Tax credit for the period | (726) | (3,822) |

Included in other comprehensive income is a tax credit of £761,000 (2022: £(211,000)), in respect of the defined benefit pension scheme.

The Chancellor announced in the Budget on 3 March 2021 that the main rate of UK corporation tax for years starting 1 April 2023 will be 25%. This was substantively enacted on 24 May 2021.

Deferred taxes reflected in these financial statements have been measured using enacted tax rates at the balance sheet date.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

7. INTANGIBLE ASSETS

| | Assets under construction £000 | Computer software £000 | Total £000 |
|--|--------------------------------------|------------------------------|---------------|
| Cost | | | |
| At 29 January 2022 | 1,468 | 13,472 | 14,940 |
| Additions | 931 | - | 931 |
| Disposals | - | (1,892) | (1,892) |
| Transfer | (2,399) | 2,399 | - |
| At 28 January 2023 | - | 13,979 | 13,979 |
| Accumulated amortisation | | | |
| At 29 January 2022 | - | (9,481) | (9,481) |
| Amortisation charge for period | - | (1,645) | (1,645) |
| Amortisation on disposals | - | 1,842 | 1,842 |
| At 28 January 2023 | - | (9,284) | (9,284) |
| Net Book Value at 28 January 2023 | - | 4,695 | 4,695 |
| Net Book Value at 29 January 2022 | 1,468 | 3,991 | 5,459 |

Management conducted a thorough review of the fixed asset register, in light of its post COVID-19 strategies, and as a result has disposed of assets it no longer believes will be integral to its operating plans for the future. The majority of these assets had been fully depreciated however there was a small loss on disposal recognised in the Income Statement amounting to £50,000 (2022:£nil).

8. PROPERTY, PLANT AND EQUIPMENT

| | Heritage Assets under Assets construction £000 £000 | | Fixtures, fittings and equipment £000 | Computer equipment £000 | Leasehold Improvements £000 | Total £000 |
|--|--|-------|--|-------------------------------|-----------------------------------|---------------|
| Cost | | | | | | |
| At 29 January 2022 | 100 | 137 | 16,758 | 6,594 | 7,346 | 30,935 |
| Additions | 1 | 1,233 | 5 | 6 | - | 1,245 |
| Disposals | - | (16) | (7,504) | (4,492) | - | (12,012) |
| Transfers | - | (962) | 538 | 368 | 56 | - |
| At 28 January 2023 | 101 | 392 | 9,797 | 2,476 | 7,402 | 20,168 |
| Accumulated depreciation | | | | | | |
| At 29 January 2022 | - | - | (11,328) | (5,635) | (133) | (17,096) |
| Depreciation charge for period | - | - | (1,900) | (353) | (122) | (2,375) |
| Depreciation on disposals | - | - | 7,593 | 4,190 | - | 11,783 |
| At 28 January 2023 | - | - | (5,635) | (1,798) | (255) | (7,688) |
| Net book value at 28 January 2023 | 101 | 392 | 4,162 | 678 | 7,147 | 12,480 |
| Net book value at 29 January 2022 | 100 | 137 | 5,430 | 959 | 7,213 | 13,839 |

Management conducted a thorough review of the fixed asset register, in light of its post COVID-19 strategies, and as a result has disposed of assets it no longer believes will be integral to its operating plans for the future. The majority of these assets had been fully depreciated however there was a small loss on disposal recognised in the Income Statement amounting to £229,000 (2022: £nil).

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

9. LEASES

Right of Use Asset

The Company's leases consist of real estate and computer software.

| | Real Estate £000 | Computer software £000 | Total £000 |
|-----------------------------------|---------------------|------------------------------|---------------|
| Net book value at 29 January 2022 | 52,227 | 38 | 52,265 |
| Depreciation for the period | (2,713) | (24) | (2,737) |
| Net book value at 28 January 2023 | 49,514 | 14 | 49,528 |

Lease Liability

| | Current £'000 | Non-current £000 | Total £000 |
|-------------------------|------------------|---------------------|---------------|
| At 29 January 2022 | 917 | 56,976 | 57,893 |
| Interest for the period | 2,656 | - | 2,656 |
| Lease payments | (3,712) | - | (3,712) |
| Transfers | 1,184 | (1,184) | - |
| At 28 January 2023 | 1,045 | 55,792 | 56,837 |

The weighted average discount rate of the leases is 4.56%.

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

The Group has not applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases and has included them in the above.

10. POST EMPLOYMENT BENEFITS AND PENSIONS

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 28 January 2023, the Company paid £654,000 (2022: £594,000) 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 28 January 2023 amounted to £1,015,000 (2022: £nil). 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 2022 by the Scheme's independent qualified actuary.

The scheme is closed to future benefit accrual, there is no expected contribution rate for future periods, however there are deferred amounts due. Liberty Retail Limited expects to contribute deferred amounts of £525,000 to the defined benefit scheme in the next financial period.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

10. POST EMPLOYMENT BENEFITS AND PENSIONS (continued)

Actuarial valuation

A full actuarial valuation of the UK defined benefit scheme was carried out at 30 June 2022 by a qualified independent actuary, resulting in changes to the pre and post retirement discount rate. An IAS19 valuation has been prepared as at 28 January 2023 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 28 January 2023 | 52 week period ended 29 January 2022 |
|---|---|--|
| Discount rate of scheme liabilities at period end | 4.5% | 2.3% |
| RPI inflation rate per annum | 3.1% | 3.4% |
| CPI Inflation rate per annum | 2.5% | 2.8% |
| 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% | 75% |
| Mortality base table adopted | S3PMA with a scaling factor of 96% for males S3PFA_M with a scaling factor of 101% for females | 3PMA with a scaling factor of 96% for males S3PFA_M with a scaling factor of 101% for females |
| Mortality future improvements adopted | Future improvements in line with the "CMI_2021" projection model with parameter S Kappa = 7.0, A = 0.50, W2020 = 0, W2021 = 0 and long term improvement rate of 1.25% p.a. | Future improvements in line with the "CMI_2020" projection model with parameter S Kappa = 7.0, A = 0.25, W2020 = 0 and long term improvement rate of 1.25% p.a. |
| Forecast life expectancy for male currently aged 60 | 88 | 87 |
| Forecast life expectancy for female currently aged 60 | 89 | 90 |
| Forecast life expectancy at 60 for male currently aged 40 | 89 | 88 |
| Forecast life expectancy at 60 for female currently aged 40 | 91 | 91 |

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

The transfer take-up assumption is that no allowance has been made for members to transfer out of the scheme.

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

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

10. POST EMPLOYMENT BENEFITS AND PENSIONS (continued)

Movement of surplus in the UK defined benefit pension scheme of Liberty Retail Limited

| | 52 week period ended 28 January 2023 £000 | 52 week period ended 29 January 2022 £000 |
|---|---|---|
| Amounts recognised in statement of financial position | | |
| Present value of funded obligation | (20,962) | (27,260) |
| Fair value of scheme assets | 21,196 | 30,917 |
| Net asset in statement of financial position | 234 | 3,657 |
| Expense/(income) recognised in Statement of Comprehensive Income | | |
| Net interest on the net defined benefit asset | (90) | (40) |
| Administration expenses | 522 | 372 |
| Expense/(income) recognised in Statement of Comprehensive Income | 432 | 332 |
| Movement in fair value of Scheme assets | | |
| Fair value of Scheme assets at start of period | 30,917 | 33,330 |
| Administration costs incurred | (522) | (372) |
| Contributions paid by the Company | 1,015 | - |
| Benefits paid by the Scheme | (1,195) | (1,166) |
| Expected return on Scheme assets in finance income | 709 | 488 |
| Actuarial gains on Scheme assets recognised in equity | (9,728) | (1,363) |
| Fair value of scheme assets at period end | 21,196 | 30,917 |
| Equities | 5,023 | 3,103 |
| Bonds | 5,903 | 19,311 |
| Assets | 9,824 | 7,925 |
| Other investments | 446 | 578 |
| Fair value of scheme assets | 21,196 | 30,917 |
| Movement in present value of defined benefit obligations | | |
| Present value of defined benefit obligations at start of period | 27,260 | 30,453 |
| Benefits paid by the scheme | (1,195) | (1,166) |
| Interest cost in finance expense | 619 | 448 |
| Actuarial losses/ (gains) recognised in equity | (5,722) | (2,475) |
| Present value of defined benefit obligations at period end | 20,962 | 27,260 |
| Cumulative asset at start of period | 3,657 | 2,877 |
| Actuarial gains/(losses) recognised directly in equity during period | (4,006) | 1,112 |
| Contributions paid by the Company | 1,015 | - |
| (Expense)/income recognised in Statement of Comprehensive Income | (432) | (332) |
| Cumulative asset at period end | 234 | 3,657 |
| Actual return on Scheme assets | (9,019) | (875) |

Included within OCI is a deferred tax charge on the defined benefit pension asset amounting to £761,000 (2022: (£211,000)).

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

10. POST EMPLOYMENT BENEFITS AND PENSIONS (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 Other Comprehensive Income

| | 52 week period ended 28 January 2023 £000 | 52 week period ended 29 January 2022 £000 |
|--|---|---|
| Actual return less expected return on pension scheme assets | 9,728 | 1,363 |
| Actuarial (gains)/losses due to changes in financial assumptions | (6,869) | (2,450) |
| Actuarial (gains)/losses due to changes in demographic assumptions | 406 | (40) |
| Actuarial (gains)/losses due to liability experience | 741 | 15 |
| Actuarial losses/(gain) in statement of other comprehensive income | 4,006 | (1,112) |

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

| | 28 January 2023 £000 | 29 January 2022 £000 |
|---|----------------------------|----------------------------|
| Fair value of scheme assets | 21,196 | 30,917 |
| Present value of defined benefit obligations | (20,962) | (27,260) |
| Asset | 234 | 3,657 |
| Net asset in Statement of Financial Position | 234 | 3,657 |
| Experience gains/ (losses) arising on Scheme assets | (9,728) | (1,363) |
| Experience losses arising on Scheme liabilities | 741 | 15 |

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.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

10. POST EMPLOYMENT BENEFITS AND PENSIONS (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:

| 28 January 2023 | Scheme assets | DBO | Surplus/ (deficit) |
|---|---------------|----------|-----------------------|
| | £000 | £000 | £000 |
| Current figures | 21,196 | (20,962) | 234 |
| Following a 0.25% p.a. decrease in the discount rate | 21,196 | (21,544) | (348) |
| Following a 0.25% p.a. increase in the RPI inflation assumption | 21,196 | (21,134) | 62 |
| Following an increase in the life expectancy of one year | 21,196 | (21,757) | (561) |
| 29 January 2022 | Scheme assets | DBO | Surplus |
| | £000 | £000 | £000 |
| Current figures | 30,917 | (27,260) | 3,657 |
| Following a 0.25% p.a. decrease in the discount rate | 30,917 | (28,270) | 2,647 |
| Following a 0.25% p.a. increase in the RPI inflation assumption | 30,917 | (27,708) | 3,209 |
| Following an increase in the life expectancy of one year | 30,917 | (28,610) | 2,307 |

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.

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 34%/66% 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 13 years.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

11. INVESTMENTS

| | £000 |
|---|------|
| Net book value at 28 January 2023 and 29 January 2022 | - |

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 Company | Percentage held within the Group |
|--|--------------------|---|----------------------------------|
| Liberty Fabric Limited (1) | Wholesale | Ordinary | 100% |
| Liberty Investment Limited (1) | Holding company | Ordinary | 100% |
| Liberty Lease Limited (1) | Rental property | Ordinary | 100% |
| Liberty Fabric Sales Limited (1) | Holding company | Ordinary | 100% |
| Liberty Japan Co. Limited (2) | Wholesale | Ordinary | 100% |
| Liberty Fabric Services Italy S.r.l. (3) | Sales office | Ordinary | 100% |

(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 Italy. Registered address Via A.Colombo 61, Gorla Minore, Varese, Italy.

The investment in subsidiaries has been valued at cost and is subject to annual impairment testing. Value in use calculations underpinning the fair value are contrasted against financial performance in the period and forecast cashflows based on the 2023 budget and strategic plan, both of which have been approved by the Board.

In addition to the subsidiaries explained above, the company holds 1.64% of the share capital in Liberty Comercio e Industria de texido Ltd, which is considered to be an equity investment.

In the opinion of the Directors, the value of the investment is not less than the value at which it is included in the statement of financial position.

12. INVENTORIES

| | 28 January 2023 £000 | 29 January 2022 £000 |
|----------------|----------------------------|----------------------------|
| Finished goods | 12,954 | 11,670 |
| | 12,954 | 11,670 |

£53,056,000 (2022: £38,953,000) of inventory was 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.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

13. TRADE AND OTHER RECEIVABLES

| | 28 January 2023 | 29 January 2022 |
|--|-----------------|-----------------|
| | £000 | £000 |
| Trade receivables | 2,381 | 1,501 |
| Amounts due from fellow group undertakings | 32,638 | 29,696 |
| Other receivables | 751 | 611 |
| Prepayments and accrued income | 1,804 | 826 |
| | 37,574 | 32,634 |

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 £nil as at 28 January 2023 (2022: £nil).

During the year, there was an intercompany impairment resulting in a charge to the statement of comprehensive income of £1,163,000 (2022: credit of £11,449,000).

14. DEFERRED TAX

| | Short term timing differences £000 | Recognised losses £000 | Tangible fixed assets £000 | Total asset £000 |
|--|---|---------------------------|----------------------------------|------------------------|
| Deferred tax asset/(liability) brought forward at 29 January 2022 | (820) | 7,966 | 6,847 | 13,993 |
| Movement in period | 847 | (650) | 529 | 726 |
| Deferred tax asset/(liability) carried forward at 28 January 2023 | 27 | 7,316 | 7,376 | 14,719 |

The Company has no unrecognised deferred tax assets or liabilities (2022: £nil).

15. TRADE AND OTHER PAYABLES

| | 28 January 2023 | 29 January 2022 |
|---|-----------------|-----------------|
| | £000 | £000 |
| Trade payables | 9,921 | 6,502 |
| Other payables | 6,999 | 6,949 |
| Amounts owed to fellow group undertakings | 23,421 | 25,983 |
| Amounts owed to associated company | 1 | 1 |
| Other tax and social security | 5,419 | 3,739 |
| Accruals and deferred income | 5,069 | 8,790 |
| | 50,830 | 51,963 |

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

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

16. PROVISIONS

| | 28 January 2023 £000 | 29 January 2022 £000 |
|-------------------------------|----------------------------|----------------------------|
| Beauty drop onerous provision | 1,421 | - |
| | 1,421 | - |

The provision relates to the unavoidable costs of delivering the goods and services under the beauty drop scheme.

17. SHARE BASED PAYMENTS

At 31 January 2023, the Company participated in a group share-based payment arrangement in relation to the ultimate parent undertaking's D1, D2 and D3 ordinary shares. These shares were issued to certain employees of the Company, and are linked to the individuals continued employment in the Group. The full terms of the D1, D2 and D3 ordinary shares are set out in the Articles of Association of the ultimate parent company, Liberty Zeta Limited.

Summary of the arrangements as at 31 January 2023 and 31 January 2022

The D1 and D2 shares vest on an exit (being a sale or listing of the Group) and participate on an exit on proceeds above £250 million. Where an exit has not taken place by December 2023, the employees have an option to require the ultimate parent undertaking to acquire the shares at that time, based on the value of the Group at that time. Where this option is taken, half of the payment is made up front and the other half of the payment is made one year later. The second payment is adjusted where EBITDA in the subsequent financial year falls by more than 10%.

The D3 shares vest on an exit (being a sale or listing of the Group). The D3 shareholders participate on an exit on proceeds above £250 million.

The D1, D2 and D3 shares are classified as an equity-settled share-based payment arrangement for the Company, on the basis they are settled by the ultimate parent undertaking. The share-based payment charge has been recognised across the vesting period, being from grant date to the estimated date of an exit.

The D1, D2 and D3 shares were subject to a beneficial modification on 13 January 2022, where the amount of the participation on an exit was adjusted.

The total expense recognised for the year arising from share based payments are as follows:

| | 28 January 2023 £000 | 29 January 2022 £000 |
|--|----------------------------|----------------------------|
| Equity settled share-based payment expense | 150 | 492 |

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

18. CALLED UP SHARE CAPITAL (continued)

| | 28 January 2023 £000 | 29 January 2022 £000 |
|---|----------------------------|----------------------------|
| ALLOTTED, CALLED UP AND FULLY PAID | | |
| Called up Ordinary Shares | | |
| 102,713,008 (2022: 102,713,008) ordinary shares of 25p each | 25,678 | 25,678 |
| Preference Shares | | |
| 385,000 (2022: 385,000) 6% cumulative non-redeemable preference shares of £1 each | 385 | 385 |
| 577,500 (2022: 577,500) 9.5% cumulative non-redeemable preference shares of £1 each | 578 | 578 |
| Treasury preference shares | - | (228) |
| | 963 | 735 |
| | 26,641 | 26,413 |

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.

The shares have no right to receive notice or attend to vote at any general meeting of the Company unless at the date of the meeting the dividend on such shares or part thereof are in arrears, they do not confer any rights of redemption.

The 6% and 9.5% preference shares are both non-redeemable but have a preferential right of return of capital in the event of a winding up. Both classes of share have the right to be paid a dividend out of the profits of the company in respect of any financial year or other period for which the Company's financial statements are made up at a fixed cumulative preference dividend at 6% and 9.5% respectively per annum.

Liberty Limited, the immediate parent undertaking acquired 227,446 preference shares for a consideration of £113,723.

19. COMMITMENTS AND GUARANTEES

The Company is a guarantor of the Group's Senior Facilities and certain assets are pledged as part of the guarantee.

20. RELATED PARTY TRANSACTIONS

During the period, the Company entered into transactions with related parties. the Company has taken advantage of the exemption not to disclose transactions with fellow wholly owned subsidiaries and parent companies.

During the year, the directors and connected parties of Liberty Retail Limited have purchased goods from the company amounting to £170,000 (2022: £115,000). No amounts were outstanding at the end of the year (2022: £nil).

Transactions entered into and trading balances outstanding in each period with other related parties, are as follows:

| | Purchases from related party £000 | Amounts owed to related party £000 |
|------------------|--|---|
| Descomed Limited | | |
| 2023 | 248 | 0 |
| 2022 | 82 | 0 |

This is a company controlled by a shareholder of the group.

LIBERTY RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the 52 week period ended 28 January 2023

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

The ultimate parent undertaking is Liberty Zeta Limited, a company incorporated in England and Wales. In the opinion of the Directors, there is no ultimate controlling party.

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.