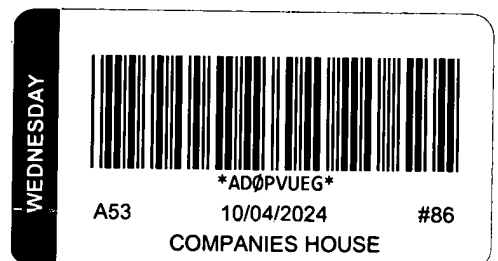


**LRUK (HOLDINGS) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
**Registered No. 106691**



**LRUK (HOLDINGS) LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors are pleased to present the strategic report, the directors' report and the audited financial statements for the year ended 31 December 2023.

**Business review and principal activities**

The group's principal activity continues to be home shopping retailing in the UK and the provision of financial services to its customers to support those retail sales. The group consists of LRUk (Holdings) Limited, which is the holding company for the trading company, LRUk (Retail) Limited, and a dormant company. The trading company is the operator of the 'La Redoute' brand in the UK.

**Going concern**

As an online-only operator, La Redoute UK has seen a year-on-year 11% sales decrease in 2023 as the effects of the increase in the cost of living have affected our customers' spending patterns. However, this reduced sales level still represents a growth of 35% compared to pre-pandemic sales in 2019 due to the convenience of the online-only nature of the La Redoute UK business, combined with the desirable product ranges. For 2024, the business expects to see a small decrease in the sales level due to the ongoing cost pressures on our customers.

The business does not have borrowing facilities with its banks and instead uses cash pooling facilities with its parent company, La Redoute s.a.s. in France, either to deposit surplus cash or temporarily draw down cash if required. The group expects to have surplus funds for the rest of 2024 and into 2025 and does not expect to need to borrow from its parent company. The French parent company, La Redoute s.a.s., remains in a strong cash position.

The directors have prepared financial projections for the period of twelve months from the date of issue of these financial statements. These projections have been analysed based on various levels of revenue and assessed against the available cash resources. Even with a hypothetical, significant reduction in sales, the forecasts show that there are sufficient cash resources within the UK business for the next 12 months to continue as a going concern.

The war in Ukraine, the high levels of inflation on the group's cost base, particularly on energy costs, and the increases in the UK interest rate have not adversely affected the director's view of the business continuing to operate as a going concern. The business is cognisant of these same pressures on the essential costs of its customers but does not anticipate this will lead to any significant adverse impact on the group's ability to trade in the foreseeable future.

As a retail business, the group has a large number of customers to whom it makes its sales: this dilutes the risk of the loss of sales from reliance on only a small number of key customers. In addition, for those customers that have made purchases through their Redoute credit account, the cash collection of the debtor book has stayed broadly in line.

**LRUK (HOLDINGS) LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Going concern (continued)**

The directors have also considered other factors that might affect the going concern status of the business, and these are set out below.

The business is dependent on its French parent company for the supply of the fashion and home furniture product lines, the ongoing provision of the website platform, and the provision of other critical IT infrastructure.

Because the UK business is dependent on the supplies of its product lines from its French parent company, La Redoute UK remains exposed to the risk of disruption of the supply chains, both between the UK business and its parent in France, and also between the suppliers to the French parent and the French parent itself. These supply chains have continued to be resilient to significant disruption despite the challenges from the pandemic, post-Brexit import procedures, international conflicts, and, more recently, global shipping risks.

Despite these complex factors and the critical dependency on the supply chains with the parent company, La Redoute UK has had strong sales in 2023 compared with pre-pandemic levels and the directors assess that the going concern assumption remains appropriate for the UK business.

Accordingly, the directors have prepared the Annual Report and Accounts on a going concern basis, whilst acknowledging the risks that are explained in this statement and referenced in the principal risks and uncertainties, the directors' report and in the financial statements' disclosure note 1.

The directors are not aware, at the date of this report, of any likely changes in the nature of the group's activities in the next year.

**LRUK (HOLDINGS) LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Financial review**

Turnover for the 'La Redoute' brand has decreased by 11.1% in the year ended 31 December 2023. The homes product range suffered a decline of 7.1%, apparel a drop of 12.0% and income from financial services was down by 12.6%. A change in the mix of products has led to a slightly lower returns rate overall.

The gross margin has decreased by 0.1% points to 49.5% from the prior year. Most goods are sourced from the French parent company; the average Euro exchange rate for the year improved by 3.3%. However, this improvement was offset by an increased promotional discount rate offered to customers as the market became more competitive, leading to the slight decrease in the gross margin rate for the year.

The bad-debt-to-sales ratio has improved year on year to 3.5% (2022: 5.2%); this is driven primarily by strategic action to stop lending to some higher-risk group customers that has forced a change in customer behaviour. This shift in lending carries lower intrinsic risk and a higher proportion of customers prefer to fund the purchase independently or pay cash, reducing the proportion of demand on credit overall from 35.9% in 2022 to 33.9% in 2023. Customer account activity is monitored, and escalating levels of debt recovery procedures are initiated to reduce the risk of non-payment once customers have been accepted for credit. Fraud prevention techniques are continually updated to mitigate the ever-present risk of online fraud.

The group sustained an operating loss of £0.7m (2022: £0.7m operating profit). The result is £1.4m lower than the prior year: the decrease in turnover being compounded by strong inflation on the cost base.

The net assets on the group's balance sheet have decreased from £25.9m at 31 December 2022 to £24.1m at 31 December 2023 as a result of the £0.3m loss in the year, and the dividend of £1.5m paid to the parent company.

During the year, the subsidiary LRUK (Retail) Limited undertook a capital reduction exercise to reduce its share capital by £31.9m and increase its reserves available for distribution by a corresponding amount. Using the increased reserves, the subsidiary then paid a non-cash dividend to the parent company, LRUK (Holdings) Limited. After the capital reduction and receipt of the distribution, the parent company reduced the value of the investment in its subsidiary. The effect of these transactions is that the company investment in the subsidiary has reduced from £45.0m at 31 December 2022 to £13.1m at the 2023 year end; there has been a corresponding decrease in the company's intercompany creditor. There was no net impact on the group's result for the year.

At 31 December 2023, the group held £1.2m cash on the HSBC cash pool (2022: £0.8m cash) of which the company's trading subsidiary held a balance of £1.2m cash (2022: £0.8m cash)

Surplus funds on the cash pool, above the immediate working capital requirements, are placed on the interest-earning current account held with the French parent company. Funds on this current account are repayable on demand, see note 13 for details.

**LRUK (HOLDINGS) LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Sale of insurance products**

The directors of the group have reviewed the balance on the opening provision for the risk of customer remediation that might arise from the sale of insurance products in previous years and have decided that the current level of provision was appropriate. The closing provision reduced by £18,000 (2022: £65,000 decrease) in the year to cover outgoing payments, leaving a provision of £10,000 (2022: £28,000) (see note 17).

Although the Financial Conduct Authority (FCA) had declared a deadline for all Payment Protection Insurance claims "PPI" to be submitted by 29 August 2019, there has been some movement in the industry for customers to seek compensation through the courts; the group continues to rigorously defend these claims.

**Principal risks and uncertainties**

*Business interruption*

As noted above in the section 'Going concern', the group is exposed to the risks of severe interruption to its inwards and outwards supply chains, staffing shortages through illness, and loss of demand for its products in a recessionary environment.

*Competitive environment:*

Competitive pressure in the UK is a continuing risk for the group, from a multi-channel perspective. The group manages this risk through implementation of competitive and efficient promotional activity.

*Credit risk:*

The group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The trade debtor exposure is spread over many customers.

*Liquidity risk:*

The UK group, of which the company is a participant, operates a cash pooling arrangement to ensure the efficient use of its funding sources. In order to ensure that the group has sufficient funds for ongoing operation and future developments the group uses a mixture of short-term and longer-term financing.

*Operational gearing risk:*

The group has a cost base, some of which is of a fixed nature. The cost base is aligned with providing operations facilities to the La Redoute brand.

*Regulatory risk:*

The group operates in the financial services sector and is subject to the regulatory supervision of the Financial Conduct Authority (FCA). The potential adverse impacts arising from operating in a regulated sector are the increased operational costs and potential of fines or reputational damage. The group mitigates against these risks by ensuring processes are compliant with regulatory requirements and appropriately monitored. The group has received full FCA authorisation to continue its credit operations.

*Risk from sale of insurance products:*

The group has previously sold insurance products that may require customer remediation. The group has reviewed the level of customer redress required and is satisfied that the provision held as at the end of the year is appropriate. More details are provided in the section on the sale of insurance products above.

**LRUK (HOLDINGS) LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Principal risks and uncertainties (continued)**

*Risks having left the E.U.*

The group imports most of its products from its parent company based in France. The group had previously considered the risks posed by the U.K. leaving the E.U. which had potentially included: delays at borders; increased compliance costs; increased stock prices from the import of goods in free circulation in the E.U. but sourced outside the E.U.; and adverse cash impact from holding more stock to reduce the impact of delays at ports. To the extent that new tariffs are imposed on the group's imports from its French parent company the group has had to increase the price of the products it sells. To date no severe impacts have been seen in receiving goods from the E.U. and processes are in place to make customs declarations.

**Section 172 statement**

Section 172 of the Companies' Act 2006 requires directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- 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.

The business relationships with key stakeholders such as employees, customers and suppliers are considered in more detail in the Directors' report on page 8.

*Long term development of La Redoute UK*

LRUK (Holdings) Limited is the UK subsidiary of the La Redoute group which operates across Europe through its country-specific subsidiaries. Each subsidiary's activities are supported through a common website platform, through a state-of-the-art warehouse located in France, and through other group-level purchasing and support services. As such, some strategic decisions are taken at a group level, for the benefit of all the subsidiaries, for example the development of the new warehouse. Other longer-term decisions are taken at a country level, an example of which is the extension of the UK product range through commercial arrangements with UK-based 3<sup>rd</sup> party suppliers of lighting, rugs and garden furniture.

*Environment*

La Redoute group is committed to responsible retailing and its environmental commitments are set out more fully on the webpage <https://www.laredoute.co.uk/csr.aspx>

Some examples of these group-wide environmental commitments are summarised below:

- Production: our commitment to comply with international labour standards as a member of the Initiative for Compliance and Sustainability
- Materials: responsible sourcing of materials such as cotton, wood and the use of natural materials such as hemp and flax fibres with low water consumption and reduced pesticide requirements
- Transport and Air Quality: the use of commercial transport by train and boat, reducing our CO2 emissions and our impact on the environment
- Recycling: 100% of our plastic industrial waste, cardboard and paper are recycled

**LRUK (HOLDINGS) LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Section 172 statement (continued)**

*High standards of business conduct*

The directors ensure that processes are in place to ensure that customers, suppliers and other stakeholders are treated fairly. Examples for customers and suppliers are contained in the Directors' report on page 8. The group ensures that new legislation is implemented effectively and promptly: in recent years this has seen the implementation of procedures to ensure compliance with the General Data Protection Regulations (GDPR) in 2018, and the Modern Slavery Act requirements in 2019: <https://www.laredoute.co.uk/modern-slavery-statement.aspx>. In addition, the group ensures that it follows the Financial Conduct Authority ethos of 'treating customers fairly.'

*Acting fairly between members*

As directors of a subsidiary company, the UK directors ensure that all commercial plans are agreed with the parent company in advance through the budgetary cycle and performance against these plans is explained in monthly business reviews. Additional significant matters are highlighted promptly through weekly update calls with the parent company senior management team.

**Results and dividends**

The results of the group are set out on page 15. The loss after tax for the year ended 31 December 2023 is £0.3m (2022: £0.9m profit). The loss after tax for the year of £0.3m has been deducted from reserves (2022: £0.9m profit added to reserves).

During the year the company paid an interim dividend of £1.5m (2022: nil).

Total equity shareholder's funds at 31 December 2023 were £24.1m (2022: £25.9m).

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



P. Kenworthy

Director

2<sup>nd</sup> April 2024

2 Holdsworth Street,  
Bradford  
BD1 4AH

**LRUK (HOLDINGS) LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Directors**

The directors who served during the year and subsequently are shown below:

R. Burke	
P. Kenworthy	
P.M.L. Berlan	
E.I.G. Cartier	(appointed 7 July 2023)
M.P. Truluck	(resigned 6 July 2023)

**Auditor**

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

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

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

In accordance with section 485 of the Companies Act 2006, appropriate arrangements have been put in place for BDO LLP to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**Strategic report**

The group has chosen in accordance with Companies Act 2006, s. 414 c (11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial instruments – exposure to risk and financial management.

**LRUK (HOLDINGS) LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Section 172 statement**

As noted in the Strategic Report, under Section 172 of the Companies Act 2006, the directors have a duty to promote the success of the group having regard to, *inter alia*, the interests of employees, and its business relationships with suppliers and customers. These matters are reported here within the Directors' report; other section 172 matters of a strategic nature are reported in the Strategic report on pages 5 and 6.

***Employees***

The directors ensure that the interests of employees are understood through regular meetings where full participation is actively encouraged. The group holds weekly performance updates, 'huddles', for all LRUK team members where there is the opportunity to ask questions directly to any of the company directors. This is supplemented by frequent news updates from the parent company, and quarterly La Redoute Group webinar updates, again with the opportunity to ask questions to the directors. The group has moved to a hybrid working model with most employees working at least two days per week in the office for collaboration days.

***Suppliers***

Before contracts are signed with new suppliers, credit rating reviews are undertaken to ensure that the supplier has appropriate financial backing to fulfil customer orders, and ancillary checks are undertaken for any other concerns. Once a trading relationship has started, processes are in place to ensure that all invoices are paid according to the commercially negotiated terms. If problems do arise, disputed invoices are investigated and resolved in a timely manner.

***Customers***

The group continually looks to improve its customer service and makes extensive use of customer-centric measures such as Net Promoter Score 'NPS' and speed-of-delivery measures to assess customer satisfaction levels and ensure that customers' needs are met. Customer service is discussed at the weekly trading meeting and La Redoute is working constantly to improve the level of service with its partners and implementing new ways to shop, receive goods and the methods of communication used. The website design and mobile app are continually developed and, before full implementation, A-B sample testing undertaken to ensure its effectiveness with the customer base. For customers with a La Redoute credit account, a monthly Credit and Compliance review of customer complaints is undertaken by senior management to ensure that customers have been treated fairly, and recommendations for any remedial action are implemented.

**LRUK (HOLDINGS) LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Streamlined Energy and Carbon Reporting (SECR)**

Streamlined Energy and Carbon Reporting (SECR) came into force on 1st April 2019 as part of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. SECR requires quoted companies, large unquoted companies and large limited liability partnerships (LLPs) to disclose greenhouse gas (GHG) emissions and energy use, record energy efficiency actions and report against at least one intensity ratio.

The group's use of electricity and gas for the years ended 31 December 2023 and 31 December 2022 are shown in the table below. The energy usage in kilowatt hours (kWh) has been converted into tonnes of carbon dioxide (TCO<sub>2</sub>e) emissions using standard conversion factors published on the Government's webpages for Greenhouse Gas reporting.

	Energy usage (kilowatt hours) kWh		Carbon Dioxide emissions (Tonnes) TCO <sub>2</sub> e Scope 1 (Direct emissions)		Carbon Dioxide emissions (Tonnes) TCO <sub>2</sub> e Scope 2 (Indirect emissions)	
	2023	2022	2023	2022	2023	2022
Electricity	111,541	190,256	2.0	3.4	23.1	36.8
Gas	157,435	136,546	0.0	0.0	31.9	27.6
<b>Total</b>	<b>268,976</b>	<b>326,802</b>	<b>2.0</b>	<b>3.4</b>	<b>55.0</b>	<b>64.4</b>

***Energy usage intensity ratio***

The SECR legislation allows companies to select an intensity measure appropriate to each company's circumstances. As an online-only retailer, the group has chosen to use energy usage as a percentage of sales. Using the 268,976 kWh above and total sales of £66.4m, the intensity ratio has been reduced to 4,051 kWh/£m of sales (2022: 4,374 kWh/£m of sales).

***Energy efficiency/ greenhouse gas reduction initiatives***

The group has replaced all its employees' computers in recent years to more energy efficient models. Although the various lockdowns and working-from-home initiatives have currently superseded this, the group continues to encourage the uptake of the Cycle-To-Work scheme to reduce commuting.

To significantly reduce its energy usage, the group installed a large array of solar panels on the roof of its Bradford offices. The installation was for a 150kWp system and was completed in the first quarter of 2023.

**LRUK (HOLDINGS) LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

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

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

The directors confirm that the above requirements have been complied with in the financial statements.

**Events after the reporting period**

There have been no significant events affecting the group or company since the year end.

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



P. Kenworthy  
Director

2<sup>nd</sup> April 2024

2 Holdsworth Street,  
Bradford  
BD1 4AH

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF LRUK (HOLDINGS) LIMITED**

**Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of LRUK (Holdings) Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated and Company Statements of Financial Position, the Consolidated Cash Flow Statement and notes to the financial statements, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

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

**Independence**

We are independent of the Group and the Parent 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.

**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 Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

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

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF LRUK (HOLDINGS) LIMITED (CONTINUED)**

**Other information (continued)**

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

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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, 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 Group's and the Parent 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 Group or the Parent 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.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF LRUK (HOLDINGS) LIMITED (CONTINUED)**

**Auditor's responsibilities for the audit of the financial statements (continued)**

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

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

*Non-compliance with laws and regulations*

Based on:

- Our understanding of the Group and Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group and Company's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be the applicable accounting framework, UK company law and UK tax legislation.

The Group and Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the FCA rules, health and safety legislation and data protection.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with the FCA and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation

*Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group and Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF LRUK (HOLDINGS) LIMITED (CONTINUED)**

**Auditor's responsibilities for the audit of the financial statements (continued)**

Based on our risk assessment, we considered the areas most susceptible to fraud to be manual journal entries relating to revenue recognition and management override relating to significant estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, and also a sample of other journals, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias in respect of debtor provisions, returns provisions and stock provisions through review of calculations including verification of data and assumptions underlying the estimates and also reviewing events subsequent to the period end.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
*Paul Davies*  
DMFEAE45B24ME7

**Paul Davies (Senior Statutory Auditor)**

For and on behalf of BDO LLP, Statutory Auditor

Leeds, UK

Date:

02 April 2024

**BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).**

**LRUK (HOLDINGS) LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

		Group Year ended 31 December 2023 £'000	Group Year ended 31 December 2022 £'000
	Notes		
<b>Turnover</b>	3	66,409	74,720
Cost of sales		(33,537)	(37,691)
<b>Gross profit</b>		<u>32,872</u>	<u>37,029</u>
Distribution costs		(25,022)	(27,035)
Administrative expenses		(8,517)	(9,277)
<b>Operating (loss)/profit</b>	5	<u>(667)</u>	<u>717</u>
Interest receivable and similar income	6	237	206
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(430)</u>	<u>923</u>
Taxation on (loss)/profit on ordinary activities	8	137	(71)
<b>(Loss)/profit for the financial year</b>		<u>(293)</u>	<u>852</u>
<b>Total comprehensive (expense)/income for the year</b>		<u><u>(293)</u></u>	<u><u>852</u></u>

All results are derived from continuing operations.  
Notes 1 to 25 form part of these financial statements.

**LRUK (HOLDINGS) LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	Called up share capital £'000	Profit and loss reserves £'000	Total  £'000
Balance at 1 January 2022		1,000	24,005	25,005
Year ended 31 December 2022:				
Profit for the year		-	852	852
Total comprehensive income for the year		-	852	852
Balance at 31 December 2022		<u>1,000</u>	<u>24,857</u>	<u>25,857</u>
Year ended 31 December 2023:				
Loss for the year		-	(293)	(293)
Total comprehensive expense for the year		-	(293)	(293)
<b>Transactions with owners</b>				
Dividends paid	18	-	(1,500)	(1,500)
Balance at 31 December 2023		<u>1,000</u>	<u>23,064</u>	<u>24,064</u>

Notes 1 to 25 form part of these financial statements.

**LRUK (HOLDINGS) LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	Called up share capital £'000	Profit and loss reserves £'000	Total  £'000
Balance at 1 January 2022		1,000	12,084	13,084
Year ended 31 December 2022:				
Result for the year		-	-	-
Total comprehensive result for the year		-	-	-
Balance at 31 December 2022		<u>1,000</u>	<u>12,084</u>	<u>13,084</u>
Year ended 31 December 2023:				
Profit for the year		-	1,500	1,500
Total comprehensive income for the year		-	1,500	1,500
<b>Transactions with owners</b>				
Dividends paid	18	-	(1,500)	(1,500)
Balance at 31 December 2023		<u>1,000</u>	<u>12,084</u>	<u>13,084</u>

Notes 1 to 25 form part of these financial statements.

**LRUK (HOLDINGS) LIMITED**  
**CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

		Group	Group	Company	Company
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	9	73	105	-	-
Tangible assets	9	531	379	-	-
Investments	10	-	-	13,079	45,000
		<u>604</u>	<u>484</u>	<u>13,079</u>	<u>45,000</u>
<b>Current assets</b>					
Stock	11	1,049	1,457	-	-
Debtors	12	25,631	29,122	-	-
Cash and cash equivalents	13	8,453	8,306	5	5
		<u>35,133</u>	<u>38,885</u>	<u>5</u>	<u>5</u>
Creditors: Amounts falling due within one year	14	(11,663)	(13,484)	-	(31,921)
<b>Net current assets/(liabilities)</b>		<u>23,470</u>	<u>25,401</u>	<u>5</u>	<u>(31,916)</u>
<b>Total assets less current liabilities</b>		<u>24,074</u>	<u>25,885</u>	<u>13,084</u>	<u>13,084</u>
Provisions for liabilities	17	(10)	(28)	-	-
<b>Net assets</b>		<u>24,064</u>	<u>25,857</u>	<u>13,084</u>	<u>13,084</u>
<b>Capital and reserves</b>					
Called-up share capital	18	1,000	1,000	1,000	1,000
Profit and loss account		23,064	24,857	12,084	12,084
<b>Total capital employed</b>		<u>24,064</u>	<u>25,857</u>	<u>13,084</u>	<u>13,084</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The result of the company for the year was £1,500,000 (2022: £Nil).

The financial statements of LRUK (Holdings) Limited, registered number 106691, were approved by the board of directors and authorised for issue on 2<sup>nd</sup> April 2024. They were signed on its behalf by:



P. Kenworthy - Director

Notes 1 to 25 form part of these financial statements.

**LRUK (HOLDINGS) LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

		Group	Group
		Year ended	Year ended
		31 December	31 December
		2023	2022
	Notes	£'000	£'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	19	1,677	(8,280)
<b>Investing activities</b>			
Purchase of tangible fixed assets	9	(265)	(30)
Purchase of intangible fixed assets	9	(2)	(23)
Interest received		237	206
<b>Net cash (used in)/generated from investing activities</b>		(30)	153
<b>Financing activities</b>			
Dividend paid	18	(1,500)	-
<b>Net cash used in financing activities</b>		(1,500)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		147	(8,127)
Cash and cash equivalents at beginning of year		8,306	16,433
<b>Cash and cash equivalents at end of year</b>		<u>8,453</u>	<u>8,306</u>
<b>Reconciliation to cash at bank and in hand</b>			
Cash and cash equivalents	13	8,453	8,306
Cash and cash equivalents		<u>8,453</u>	<u>8,306</u>

Notes 1 to 25 form part of these financial statements.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Accounting policies**

**Company information**

LRUK (Holdings) Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is 2 Holdsworth Street, Bradford, West Yorkshire, BD1 4AH.

The company's and group's principal activities and nature of its operations are disclosed in the Strategic Report.

**Basis of preparation**

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

The presentation and functional currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The following principal accounting policies have been applied:

**Going concern**

Further detail around the risks of Covid-19, the war in Ukraine, high inflation and high UK interest rates and their potential impact on going concern are addressed extensively in the "Going Concern" section of the Strategic report on page 1. Despite the risks arising from the pandemic and the war in Ukraine, the parental supply network has been resilient and the UK group's trading in 2023 has been strong compared to the pre-pandemic level. The directors have reasonable expectations for this sales level to be maintained and therefore they continue to prepare the financial statements on a going concern basis.

In undertaking their review, the directors have prepared financial projections for the period of twelve months from the date of issue of these financial statements and into the following financial year. These projections have been sensitised based on various levels of revenue and assessed against the available cash headroom. Contingency plans for various scenarios have been considered to preserve financial resources. The group also has access to support from the French parent through the cash pooling arrangements should this be required.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Accounting policies (continued)**

**Revenue recognition**

Product revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognised when goods are despatched and the risks and rewards of ownership have transferred to the buyer. Sales returns in the year are recognised as a deduction to revenue as incurred. Provision is made for outstanding returns not yet made at the year end. Accumulated experience (including historical returns rates) is used to estimate and provide for such returns. The provision is recorded as a reduction in revenue with a corresponding entry to accruals.

Financial services revenue includes service charges for providing credit facilities, fees for arrears letters and the sale of insurance products. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount. Revenue from non-interest related financial income is recognised when the services have been performed.

**Intangible fixed assets other than goodwill**

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment.

Amortisation is provided to write off the cost less estimated residual value in equal instalments over the estimated useful economic lives of the assets. The rates of amortisation are between 12.5% and 25% per annum for Software.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less estimated residual value in equal instalments over the estimated useful economic lives of the assets. The rates of depreciation are between 10% and 50% per annum for Plant and equipment. The leasehold premium is depreciated over the period of the rent reduction period. Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

**Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Accounting policies (continued)**

**Impairment of fixed assets (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is valued at actual purchase price. Net realisable value represents estimated selling price less all costs incurred in selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Trade receivables**

Trade receivables are measured amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired based on specific customer patterns of behaviour which may be affected by external economic conditions. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Trade receivables are assessed for impairment on a collective basis. Objective evidence of impairment could include the Group's past experience of collecting payments and observable changes in national and local economic conditions that could correlate with a default event.

**Marketing costs**

The costs of marketing production and printing are charged to the profit and loss account as they are incurred.

**Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

**Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Accounting policies (continued)**

**Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

**Other financial assets**

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

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

**Basic financial liabilities**

Basic financial liabilities, including trade and other creditors and amounts due to group undertakings are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Accounting policies (continued)**

**Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied, and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

**Equity instruments**

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**Derivatives**

The group uses derivative financial instruments to reduce exposure to foreign exchange risk. The group does not hold or issue derivative financial instruments for speculative purposes.

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

Fair value is measured by reference to a quoted price for an identical asset in an active market. The group did not contract for any derivatives in the current or financial year and had no open positions at the end of either the current or prior year.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Accounting policies (continued)**

**Taxation**

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

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Provisions**

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**1 Accounting policies (continued)**

**Provisions (continued)**

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**Retirement benefits**

The amount charged to the statement of comprehensive income in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

**Leases**

Operating lease rentals are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

**Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

**Exceptional items**

Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the group and which individually, or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**2 Judgements and key sources of estimation uncertainty**

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

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

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

***Inventory provisioning***

The group sells clothing and household items which are subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of stocks and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around the anticipated saleability of stock, as per note 11.

***Impairment of debtors***

The group makes an estimate of the recoverable value of trade debtors. When assessing the impairment of trade debtors, management considers factors including the ageing profile of debtors, the payment behaviours of the debtors and the recent historical experience of recoverability for similar bands of customers. See note 12 for the net carrying amount of trade debtors.

***Returns reserve***

The group makes an estimate of the amount of items sold as at the balance sheet date that will be returned after the balance sheet date. This returns reserve is contained within the other creditors balance in note 14. The estimate is based on the recent historical experience of sales return rates. The return rate is then applied to the product sales in the period immediately prior to the balance sheet date, a reserve is made for the difference between the calculated levels of expected returns as compared to the actual returns.

***Provisions***

The group has made provision for the risks identified from the sale of Total Cover and merchandise insurance products in previous years. The provision is based on the claims received to date from customers and then extrapolated forward. The provision at the end of 2023 fully anticipates future claims and costs that are expected to be made. See note 17.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**3 Turnover**

	Group Year ended 31 December 2023 £'000	Group Year ended 31 December 2022 £'000
Turnover generated by type of business:		
Retail sales	59,934	67,310
Financial services	6,475	7,410
	<u>66,409</u>	<u>74,720</u>

	Year ended 31 December 2023 £'000	Year ended 31 December 2023 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	<u>66,409</u>	<u>74,720</u>

**4 Discounting of bad debt provision**

The directors deem that the group should discount the provision in relation to its customers that are in default at the market rate. As a result, both retained earnings and net trade debtors at 31 December 2023 have decreased by £474,000 (2022: £496,000 decrease).

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**5 Operating Result**

	Group Year ended 31 December 2023 £'000	Group Year ended 31 December 2022 £'000
Operating (loss)/profit is stated after charging/(crediting):		
Exchange losses	8	9
Loss on disposal of fixed assets	2	-
Depreciation of tangible fixed assets	111	96
Amortisation of intangible assets	34	34
Auditor's remuneration (see below)	67	60
Cost of stocks recognised as an expense	33,760	37,618
Impairment of stocks reversed	(223)	73
Operating lease charges:		
- plant and machinery	11	22
- land and buildings	180	180

**Auditor's remuneration**

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Fees payable to the company's auditor for the statutory audit of the financial statements of the LRUK group companies	67	60
<b>Total auditor's remuneration</b>	<u>67</u>	<u>60</u>

The fee for the statutory audit of the company's financial statements has been borne by LRUK (Retail) Limited, a subsidiary company, for this period and the previous year. The element relating to the company is £15,000 (2022: £15,000).

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**6 Interest receivable and similar income, and interest payable**

	Group Year ended 31 December 2023 £'000	Group Year Ended 31 December 2022 £'000
Amounts receivable from parent company	237	206
	<u>237</u>	<u>206</u>

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**7 Staff costs**

	Group Year ended 31 December 2023 £'000	Group Year ended 31 December 2022 £'000
Staff costs during the year including directors:		
Wages and salaries	4,400	4,123
Social security costs	477	471
Pension costs	185	179
	<u>5,062</u>	<u>4,773</u>

	Year ended 31 December 2023 Number	Year ended 31 December 2022 Number
Sales and administration	68	51
Administration	44	48
	<u>112</u>	<u>99</u>

Of these employees, 19 were part time (2022: 17).

	Year ended 31 December 2023 £'000	Year Ended 31 December 2022 £'000
<b>Directors' emoluments during the period</b>		
Directors' remuneration	449	623
Group contributions to defined contribution pension schemes	35	39
	<u>484</u>	<u>662</u>

**Remuneration of the highest paid director**

Emoluments excluding pension contributions	169	286
Group contributions to defined contribution pension schemes	7	12

Two directors are members of the defined contribution pension scheme (2022: three).

Directors' remuneration has been borne by the subsidiary LRUK (Retail) Limited for the services provided by the directors of all subsidiaries in the LRUK group. Directors' remuneration includes the remuneration of all 'Key management personnel', as required to be disclosed under FRS 102.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**8. Taxation**

The total tax result for the year included in the statement of comprehensive income can be reconciled to the (loss)/profit before tax multiplied by the average standard rate of tax as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
(Loss)/profit on ordinary activities before taxation	<u>(430)</u>	<u>923</u>
Tax at 23.50% (2022: 19.00%) thereon:	(101)	175
Effects of:		
Utilised tax losses	-	(5)
Short term timing differences	(4)	7
Capital allowances in excess of depreciation	6	(13)
Current tax (credit)/charge for the year	<u>(99)</u>	<u>164</u>
Adjustment to prior year tax charge	(38)	(93)
Deferred tax charge - note 16	-	-
Tax (credit)/charge for the year	<u>(137)</u>	<u>71</u>

Details of provided and unprovided deferred tax assets are shown in note 16.

On 3 March 2021, it was announced by the UK Government that the effective tax rate from April 2023 will increase from 19.0% to 25.0%. This legislation was substantively enacted on 24 May 2021.

As the 25.0% rate has been substantially enacted in tax legislation, the deferred tax balances (unprovided) have been calculated at 25.0% in line with the expected period of reversal of the deferred tax balances.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**9 Fixed assets - Tangible and intangible  
Group**

	Tangible Fixed Assets		Intangible Fixed Assets	
	Plant and equipment £'000	Leasehold Premium £'000	Total £'000	Software £'000
<b>Cost</b>				
At 1 January 2023	1,281	300	1,581	1,905
Additions	265	-	265	2
Disposals	(775)	-	(775)	-
At 31 December 2023	<u>771</u>	<u>300</u>	<u>1,071</u>	<u>1,907</u>
<b>Accumulated depreciation</b>				
At 1 January 2023	1,142	60	1,202	1,800
Charge for the year	81	30	111	34
Disposals	(773)	-	(773)	-
At 31 December 2023	<u>450</u>	<u>90</u>	<u>540</u>	<u>1,834</u>
Net book value at 31 December 2023	<u>321</u>	<u>210</u>	<u>531</u>	<u>73</u>
Net book value at 31 December 2022	<u>139</u>	<u>240</u>	<u>379</u>	<u>105</u>

The amortisation charge for the year is recognised within administrative expenses.

There are no contractual commitments to acquire intangible assets (2022: £nil).

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**10 Investments - company only**

	Shares in subsidiary companies £'000
At 1 January 2023	45,000
Capital reduction	(31,921)
At 31 December 2023	<u>13,079</u>

	Nature of company	Country of incorporation
LRUK (Retail) Limited	Home shopping retailer	England
LRUK (Dormant No. 3) Limited	Dormant company	England

During the year, the company received a non-cash dividend of £31,921,000 from its subsidiary LRUK (Retail) Limited following a capital reduction in that company. The value of the investment in that subsidiary was reduced by a corresponding amount to the closing balance of £13,079,100.

LRUK (Holdings) Limited holds 100% of the ordinary share capital in each of the subsidiaries in the table above. The registered offices for the subsidiaries is 2 Holdsworth Street, Bradford, BD1 4AH.

**11 Stock**

	Group 31 December 2023 £'000	Group 31 December 2022 £'000
Finished goods and goods for resale	<u>1,049</u>	<u>1,457</u>

During the year, the provision on finished goods reduced by £223,000 (2022: increase of £73,000); the movement in both years was recognised within cost of sales.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**12 Debtors**

	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
<b>Due within one year:</b>				
Trade debtors	18,194	20,625	-	-
Other debtors	13	13	-	-
Corporation tax recoverable	223	56	-	-
Prepayments	284	427	-	-
Prepayment - group undertakings	6,917	8,001	-	-
	<u>25,631</u>	<u>29,122</u>	<u>-</u>	<u>-</u>

The movements on the provisions for the doubtful debts are set out below:

	Group 31 December 2023 £'000	Group 31 December 2022 £'000
Gross trade debtors	47,980	46,404
Opening provision for doubtful debts	(25,779)	(22,032)
Utilisation of provision	2,772	3,602
Charge for doubtful debts	(6,779)	(7,349)
Closing provision for doubtful debts	(29,786)	(25,779)
Net trade debtors after provision	<u>18,194</u>	<u>20,625</u>

Gross trade debtors includes £24,728,000 notional interest that would have been earned on accounts in debt recovery (2022: £20,059,000). The provision for doubtful debts includes an adjustment relating to this notional interest of £24,728,000 (2022: £20,059,000).

Prepayments - group undertakings comprises £6,917,000 (2022: £8,001,000) pre-paid to the French parent company, La Redoute s.a.s., towards next season's stock cost.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**13 Cash and cash equivalents**

	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Cash and cash equivalents	<u>8,453</u>	<u>8,306</u>	<u>5</u>	<u>5</u>

The funds shown above include the La Redoute UK group cash pooling arrangement held with HSBC and a short term cash pooling arrangement with the French parent company.

The La Redoute UK group's net cash pool position held with HSBC at 31 December 2023, which is covered by multi-lateral guarantees for all group companies, totalled £1,242,000 cash (2022: £843,000 cash).

The balance on the short term deposit account with the French parent company at 31 December 2023 was £6,628,000 cash (2022: £6,602,000 cash). Funds on this account can be withdrawn in part or full on demand with 48 hours notice.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**14 Creditors: Amounts falling due within one year**

	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Trade creditors	1,718	2,268	-	-
Other creditors	3,144	3,122	-	-
Accruals and deferred income	2,385	3,584	-	-
Amounts owed to group undertakings	3,363	3,426	-	31,921
Other tax and social security	1,053	1,084	-	-
	<u>11,663</u>	<u>13,484</u>	<u>-</u>	<u>31,921</u>

The amounts owed to the parent company La Redoute s.a.s. at 31 December 2023 of £3,363,000 (2022: £3,426,000) are unsecured amounts related to trading balances, are payable within one month and do not incur any interest.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**15 Financial Instruments**

	Note	2023 £'000	2022 £'000
<b>Carrying amount of financial assets</b>			
<b>Debt instruments measured at amortised cost</b>			
Trade receivables	12	18,194	20,625
Other debtors	12	13	13
		<u>18,207</u>	<u>20,638</u>
<b>Carrying amount of financial liabilities</b>			
<b>Measured at amortised cost</b>			
Trade creditors	14	1,718	2,268
Amounts owing to group undertakings	14	3,363	3,426
Other creditors	14	3,144	3,122
Accruals	14	2,385	3,584
		<u>10,610</u>	<u>12,400</u>

The group's income, expenses, gains and losses in respect of financial instruments are summarised below:

	2023 £'000	2022 £'000
<b>Income</b>		
Total income for financial assets at amortised cost	6,475	7,410
<b>Impairment losses</b>		
On financial assets measured at amortised cost	4,007	3,748

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**16 Deferred taxation**

The group has not recognised deferred tax assets on tax losses, capital allowances or provisions as the timing of when these might become tax deductible is not sufficiently clear.

<b>Group</b>	<b>Assets (Provided) 2023 £'000</b>	<b>Assets (Unprovided) 2023 £'000</b>	<b>Assets (Provided) 2022 £'000</b>	<b>Assets (Unprovided) 2022 £'000</b>
<b>Balances:</b>				
Tax losses - trading	-	248	-	242
Tax losses - capital	-	-	-	-
Net book value less than written down value	-	50	-	116
Short term timing differences	-	3	-	8
	-	301	-	366

<b>Company</b>	<b>Assets (Provided) 2022 £'000</b>	<b>Assets (Unprovided) 2022 £'000</b>	<b>Assets (Provided) 2022 £'000</b>	<b>Assets (Unprovided) 2022 £'000</b>
<b>Balances:</b>				
Tax losses - trading	-	248	-	242
Net book value less than written down value	-	49	-	54
	-	297	-	296

**Factors that may affect future tax charges**

On 3 March 2021, it was announced by the UK Government that the effective tax rate from April 2023 would increase from 19.0% to 25.0%. This legislation was substantively enacted on 24 May 2021.

As the 25.0% rate has been substantially enacted in tax legislation, the deferred tax balances have been calculated at 25.0% in line with the expected period of reversal.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**17 Provisions for liabilities**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Total Cover and merchandise insurance provision	<u>10</u>	<u>28</u>
Movements on provisions:		
		<b>Total Cover &amp; merchandise insurance provision £'000</b>
At 1 January 2023		28
Release of provisions in the year		(11)
Utilisation of provision		(7)
At 31 December 2023		<u>10</u>

The Total Cover and merchandise insurance provision relates to the risks identified from the sale of insurance products in previous years. The directors reviewed the remaining balance on the provision for the risk of customer remediation to ensure the carry forward balance is aligned with the risks of legal claims that might arise from the sale of insurance products in previous years. The company continues to work on resolving the claims received, either by settlement where appropriate or robustly defending against the claim.

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**18 Called-up share capital**

	31 December 2023 £'000	31 December 2022 £'000
Called-up, allotted and fully paid 7,547,170 ordinary shares of 13.25p each (2022: 7,547,170 ordinary shares of 13.25p):	<u>1,000</u>	<u>1,000</u>

An interim dividend of £1,500,000 was paid during the year (2022: £nil).

**19 Cash generated from/(used in) operations**

		2023 £'000	2022 £'000
	Notes		
(Loss)/profit for the year after tax		(293)	852
<b>Adjustments for:</b>			
Interest receivable	6	(237)	(206)
Loss on disposal of fixed assets	9	2	-
Amortisation of intangible assets	9	34	34
Depreciation of tangible fixed assets	9	111	96
Movement in provisions	17	(18)	(65)
Taxation charge	8	(137)	71
Corporation tax paid		(30)	(172)
<b>Movements in working capital:</b>			
Decrease in stocks		408	400
Decrease/(increase) in debtors		3,658	(6,549)
Decrease in creditors		(1,821)	(2,741)
<b>Cash generated from/(used in) operations</b>		<u>1,677</u>	<u>(8,280)</u>

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**20 Operating lease commitments**

**Leases**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£'000	£'000
Within one year	185	191
Between one and five years	720	725
In over five years	11,925	12,105
	<u>12,830</u>	<u>13,021</u>

The operating leases represent leases of a property, land and office equipment. The land and building leases are negotiated over terms of 72 years (2022: 73 years) and rentals are fixed for the term of the lease. There are no options in place for either party to extend the lease terms.

**21 Related party transactions**

The company's ultimate parent company at the balance sheet date was Motier s.a.s., which is registered in France.

During the period under review, the group purchased goods and services from subsidiaries of Motier s.a.s. totalling £36.7m (year ended 31 December 2022: £39.1m). The group made sales to those subsidiaries of £0.8m (2022: £0.7m).

At the respective year ends, the group had the following balances owing from/(to) related parties:

	2023	2022
	£'000	£'000
Cash held by parent company (note 13)	6,628	6,602
Amounts owed to group undertakings (note 14)	(3,363)	(3,426)
Prepayments - group undertakings (note 12)	6,917	8,001

**LRUK (HOLDINGS) LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**22 Pension commitments**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>185</u>	<u>179</u>

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £nil (2022 - £31,000) were payable to the fund at the reporting date and are included in creditors.

**23 Ultimate controlling party**

The company's ultimate parent company at the balance sheet date was Motier s.a.s., which is registered in France. In the opinion of the directors Motier s.a.s. is considered to be the ultimate controlling party.

LRUK (Holdings) Limited is the only company to prepare publicly available consolidated results for the LRUK group.

**24 Contingent liabilities**

The group has provided a guarantee of £240,000 (2022: £240,000) in favour of HMRC in relation to import duties and import VAT. The guarantee for card processing is no longer required due to the change in the group's card processing supplier, 2023: £nil (2022: £285,000).

**25 Events after the reporting period**

There have been no significant events affecting the group or company since the year end.