

JD Williams & Company Limited

Annual report and financial statements

Registered number 00178367

52 weeks ended 2 March 2019

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Contents

Strategic Report	1
Directors' Report	4
Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements	6
Independent auditor's report to the members of JD Williams & Company Limited	7
Profit and Loss Account	15
Other Comprehensive Income	15
Balance sheet	16
Statement of Changes in Equity	17
Notes	18

Strategic Report

Business review

The principal activity of J. D. Williams & Company Limited (the 'Company') continues to be retailing through direct home shopping as part of N Brown Group plc (the 'Group'). The Company's strategy is to grow sales and profit in all customer groups and product categories, supported by improvements in customer service, internet penetration and driving efficiencies in operating costs.

Brexit

Brexit is one of the most significant economic events for the UK at the time of this report, its effects are subject to significant levels of uncertainty as to outcome. The full range of potential economic, regulatory and business environment impacts are therefore unknown.

The uncertainty surrounding the impact of Brexit and potentially reduced consumer confidence give rise to the risk of increased bad debts from a potential deterioration in customer discretionary spending capacity. In addition, the sensitivity of the Company's IFRS 9 model to adverse shifts in arrears rates increases this risk. The Company has continued to mitigate this risk through a focus on maintaining and improving the quality of the debt book.

The retail sector experienced a number of business failures in 2018 and trading conditions are expected to remain challenging for at least the next 12 months. The impact of Brexit on the Company remains a key consideration with a wide range of potential risks including increases in cost prices, impact on our Irish operations, decreased customer spending power to potential loss of personnel. Management are proactively planning in respect of Brexit and a Brexit Impact Steering Committee has been created to identify risks and drive mitigation actions against those risks, although Brexit is likely to compound challenges identified in the sector. However, the high level of uncertainty in both the financial and political implications of Brexit makes the success of mitigation activities very difficult to predict.

Results and dividends

This year we are reporting on the 52 weeks to 2 March 2019. In year on year comparisons it should be noted that last year was also a 52 week period. Turnover decreased by £5.4 million during the period to £881.6 million. We have moved from a profit to a loss position where the profit before tax decreased by £74.6 million to a loss before tax of £64.7 million as a result of exceptional items as described in note 2.

Results, dividends and recommended transfers to/(withdrawals from) reserves are as follows:

	52 weeks ended 2 March 2019 £'000
Retained profit at 3 March 2018	156,831
Loss for the financial period	(53,451)
Recognition of defined benefit pension scheme expense, net of deferred tax	(1,047)
Credit to equity for equity settled share based payment	104
Dividends paid	(25,000)
Adjustment on initial application of IFRS 9 (net of tax)	(55,498)
Adjustment on initial application of IFRS 15 (net of tax)	(1,523)
Retained profit at 2 March 2019	<u>20,416</u>

Key performance indicators

The directors use a number of key performance indicators ("KPIs") to monitor the progress of the Company, including:

	52 weeks ended 2 March 2019	52 weeks ended 3 March 2018
Sales	£881.6m	£887.0m
Gross margin	54.3%	54.5%
Operating margin	(5.3%)	3.9%

Strategic Report *(continued)*

Key performance indicators *(continued)*

Other KPIs include the proportion of internet sales being 80% for 2019 (2018: 73%) and the customer satisfaction score as measured by the UK Customer Service Institute was up 50bps to 86.3%.

Risks and uncertainties

Several potential risks and uncertainties may impact on the Company's performance over the next twelve months or longer term. The directors routinely monitor all risks and uncertainties, taking appropriate actions to mitigate where necessary. Whilst further detail is included in the Group's 2019 Annual Report, the risks which have been identified as potentially having a material impact on the performance of the Company are as follows: Consumer Confidence; Business Change; Regulatory Environment; Cyber-Security; IT Systems; Business Interruption; Competition, Bad Debt Risk and Brexit.

Consumer confidence in the retail and financial services sectors has been impacted by the uncertainty of Brexit. The threat of interest rate rises and increasing consumer debt levels may further squeeze customer spending. To mitigate this, the Company continues to seek to understand and meet customer expectations for both product quality and customer service.

The Company continues to drive change and improvements in technology, culture and business processes as key pillars of the Growth Strategy. The accelerating pace of competition in digital retail and the headwinds arising from Brexit mean that and stability and adaptability are key focus points for the change program over the next twelve months.

The Regulatory Environment remains a key consideration for the Company and continued importance is placed on meeting the expectations of the regulators in key areas such as GDPR and Financial Services. The introduction of the Senior Managers Regime in December 2019 is a key focus for the short term as is the maintenance of the embedded GDPR processes and controls put in place over the previous year.

Competing effectively across the key areas of Product, Financial Services and Customer Services remains a key driver of customer recruitment and retention. Potential consequences of the increasingly competitive market include; loss of market share, erosion of margins and a fall in customer satisfaction. Given the uncertain commercial climate as Brexit approaches, remaining competitive across all three areas is necessary to deliver anticipated growth plans.

Cyber Security remains a key risk area for the Company as it continues to focus on online growth. The successful completion of the Company's GDPR program has strengthened the Company's Cyber Security position and the continuous change improvement programmes ensure greater security over both new and existing cyber threats.

The Company continues to mitigate the risks associated with the use of remaining legacy IT systems as well as data security risk through outsourcing IT services to a specialist IT service provider. The replacement of the Company's legacy architecture is a key focus of the continuous change program and tactical solutions continue to be implemented to mitigate risks to agility arising from older systems.

Business interruption events remain a possibility for the Company and the Crisis Management Plan has been successfully tested in real world events since being implemented. Further stress testing through potential impact scenarios ensures that plans remain relevant and up to date.

The uncertainty around the impact of Brexit and reduced consumer confidence give rise to the risk of increased bad debts from a potential deterioration in customer discretionary spending capacity. In addition, the sensitivity of the Company's IFRS 9 model to adverse shifts in arrears rates increases this risk. The Company has continued to mitigate this risk through a focus on maintaining and improving the quality of the debt book.

The impact of Brexit on the Company remains a key consideration with risks ranging from increases in cost prices and decreased customer spending power to potential loss of personnel. Mitigations continue to be put in place where specific risks are identified and a Brexit Impact Steering Committee has been created to identify risks and drive mitigating actions against Brexit risks. However, the high level of uncertainty in both the financial and political implications of Brexit makes the success of mitigation activities difficult to predict.


Strategic Report (*continued*)

Future prospects

The directors expect to deliver against the Company's long-term strategy whilst managing performance pressures. The Company's future developments form a part of the Company's long-term strategy, which is discussed on page 19 of the Group's Annual Report for the 52 week period ended 2 March 2019, which does not form part of this Report.

Approval

This annual report was approved by the board of directors on 27 June 2019 and signed on its behalf by:



Craig Lovelace
Director

27 June 2019

Directors' Report

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the 52 week period ended 2 March 2019 (last year was also a 52 week period to 3 March 2018).

Directors and their interests

The directors who served during the year and thereafter unless otherwise noted are as shown below:

A. Spindler	Resigned 30 September 2018
N. Alliance	
C. Lovelace	
I. Carr	Resigned 31 March 2018
A. Haywood	Resigned 30 March 2018
A. Steer	Resigned 25 January 2019
R. Tucker	
R. Clark	Resigned 2 July 2018
A. Fadil	Appointed 3 April 2018
A. Warne	Appointed 3 April 2018
S. Johnson	
K Nelson	Appointed 3 June 2019
M Murphy	Appointed 3 June 2019

The directors had no interests in the shares of the company.

Going concern

In determining whether the Company's accounts can be prepared on a going concern basis, the Directors considered the Company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities.

Notwithstanding net current liabilities of £82.9m as at 2 March 2019 and a loss for the year then ended of £53.5m the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 32 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its securitisation facility and overdraft facility and in downside cases funding from its ultimate company, N Brown Group plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on N Brown Group plc not seeking repayment of the amounts currently due to Planetree Limited, an entity controlled by N Brown Group plc, which at 2 March 2019 amounted to £376.2m and providing additional financial support during that period. N Brown Group plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date to Planetree Limited, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Employee relations

During the period under review the Company employed on average employees 2,441 (2018: 2,595). The Company values the involvement of its employees and keeping them informed about the Company and issues affecting them. This is achieved through formal and informal meetings. The Company firmly believes that an enthusiastic, motivated and well-trained workforce can only achieve continuing success. Consequently, there are continued resources devoted to staff training, departmental team briefings are held and a staff attitude survey is conducted regularly. Over 500 Company

Directors' Report (*continued*)

employees either hold shares in N Brown Group plc, the ultimate parent undertaking, or have options/awards to acquire them through the Company's various share option and long-term incentive schemes.

Disabled employees

Applications for employment by disabled persons are fully considered, bearing in mind the aptitude and ability of the applicant. If members of staff become disabled every effort is made to ensure their employment continues. The career development and promotion of disabled persons, is, as far as possible, identical with other employees.

Environment

The Company recognises its environmental responsibilities and is committed to minimising any damage which its activities may cause to the environment. It actively pursues a number of environmental policies, including those designed to contain energy costs, the recycling of paper and packaging materials wherever practical and the use of information technology systems to reduce the level of consumption of paper by its employees.

Health and safety

The Company's policy is to adhere to all relevant legislation to ensure, as far as is reasonably practicable, the health, safety and welfare at work of all employees and of other people working on our premises but not employed by the Company. We endeavour to ensure that products and services used in the workplace or sold by us are designed so that they are safe and without risk when properly used.

Customers

One of the key factors of the Company's success is the quality of its relationship with its customers. Regular customer satisfaction surveys are conducted, both directly and through third parties, to ensure that the Company closely monitors the opinions and requirements of its customers. In addition, telephone enquiry and complaint calls received from customers are analysed and appropriate action taken to improve the levels of service offered to them.

Suppliers

It is the Company's policy to comply with the terms of payment agreed with its suppliers. Trade creditors of the Company as at 2 March 2019 represented 34 days (2018: 35 days) of purchases.

As at 2 March 2019 the Company had entered into a supplier financing arrangement which is facilitated by HSBC. The maximum facility limit is £12.0m and as at 2 March a total of £6.5m (2018: £2.2m) had been funded under the programme. There is no fixed expiry date on this facility.

The Company is aware of the potential social impact of its business dealings, particularly in developing countries. Our standard terms and conditions for the purchase of all goods for resale require that, in relation to the manufacture of merchandise, the supplier warrants that all labour, safety and other relevant laws in the country of manufacture will be strictly observed with respect to all workers at all stages of production.

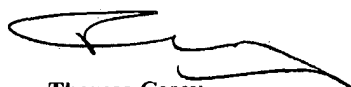
Disclosure of information to auditor

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.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Theresa Casey
Company Secretary

Griffin House
40 Lever Street
Manchester
M60 6ES

27 June 2019

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

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Manchester
M2 3AE
United Kingdom

Independent Auditor's Report to the members of JD Williams & Company Limited

1 Our opinion is unmodified

We have audited the financial statements of JD Williams & Company Limited ("the Company") for the 52 week period ended 2 March 2019 which comprise the profit and loss account, statement of other comprehensive income, balance sheet, statement of changes in equity, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 2 March 2019 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
<p>The impact of uncertainties due to the UK exiting the European Union on our audit</p> <p><i>Refer to page 1 (strategic report), page 21 (accounting policy).</i></p>	<p>Unprecedented levels of uncertainty:</p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in allowance for doubtful debts, regulatory provisions, taxation provisions and carrying value of inventories below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Company's future prospects and performance.</p>	<p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <p>Our Brexit knowledge: We considered the directors' assessment of Brexit-related sources of risk for the Company's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks;</p> <p>Sensitivity analysis: When addressing allowance for doubtful debts, regulatory provisions, taxation</p>

	<p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.</p> <p>Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.</p>	<p>provisions and carrying value of inventories and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.</p> <p>Assessing transparency: As well as assessing individual disclosures are part of our procedures on allowance for doubtful debts, regulatory provisions, taxation provisions and carrying value of inventories, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks.</p> <p>However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.</p>
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	The risk	Our response
<p>Going concern</p> <p><i>Refer to page 4 (directors report) and page 21 (accounting policies).</i></p>	<p>Disclosure quality</p> <p>The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company.</p> <p>That judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.</p> <p>The risks most likely to adversely affect the Company's available financial resources over this period were:</p> <ul style="list-style-type: none"> • Market demand and increased pressure from competitors; • Adverse fluctuations in foreign exchange rates; and • Working capital requirements as the Company continued to grow; and • Significant redress provisions which could represent a risk on restriction of future activities in an FCA regulated environment. <p>There are also less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which</p>	<p>Our procedures included:</p> <p>Funding assessment: evaluating management's assessment of the Company's compliance with debt covenants and the headroom on available facilities;</p> <p>Historical comparisons: Evaluating the precision of previous financial period's forecasts against actual results to assess historical accuracy;</p> <p>Sensitivity analysis: Considered sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively. Using our own restructuring specialists, this included performing further stress testing on the sensitivities prepared by the directors in relation to financial forecasts and viability reporting, which included using sector and market experience.</p> <p>Evaluating directors' intent: We evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise</p> <p>Assessing transparency: Assessing the completeness and accuracy of the matters covered in the going concern disclosure by ensuring the disclosure adequately discloses the risks inherent to the going concern of the Company.</p>

	<p>could result in a rapid reduction of available financial resources.</p> <p>The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.</p>	
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	The risk	Our response
<p>Allowance for doubtful debts</p> <p><i>Refer to page 19 (accounting policy) and page 37 (financial disclosures).</i></p>	<p>Subjective estimate:</p> <p>IFRS 9 became effective on 1 January 2018, leading to significant changes in the accounting of allowances for doubtful debts.</p> <p>The calculation of the impairment provision is an inherently judgemental area and IFRS 9 includes a number of new judgements, such as the determination of significant increases in credit risk, lifetime and 12 month Probability of Default ('PD'), Loss Given Default ('LGD') and the macroeconomic variables, all of which are highly subjective.</p> <p>There is a risk that the allowance for doubtful debts is misstated as a result of inappropriate judgements or management override.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the allowance for doubtful debts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 11) disclose the sensitivity estimated by the Company.</p>	<p>Our procedures included:</p> <p>Our expertise: Together with our modelling specialists, we performed model validation procedures, including recalculating and replicating assumption calculations. Using our sector expertise, we also performed an assessment of the macroeconomic variables included within the provision.</p> <p>Tests of detail: Critically assessed key assumptions in the impairment calculation against historical experience where appropriate, such as the probability of default and loss given default. We tested the accuracy and completeness of underlying data used in the impairment models, inspecting a sample to source data including a critical assessment of management overlays applied.</p> <p>Analytical Procedures: Performed analytical procedures over both IFRS 9 model outputs and underlying customer behaviour to identify outliers and unexpected trends.</p> <p>Benchmarking assumption: Critically assessed key assumptions inherent in the model against recent performance and industry developments, comparative firms in the wider market and our understanding of the Company.</p> <p>Assessing transparency: Considered the adequacy of the Company's disclosures in relation to the allowance for doubtful debts and credit risk for compliance with the relevant accounting standards.</p>

	The risk	Our response
Taxation provisions <i>Refer to page 26 (accounting policy) and page 32 (financial disclosures).</i>	Dispute outcome: The Company has historically entered into a number of legacy tax arrangements, which have come under review from HMRC. The key remaining uncertain tax position relates to the VAT dispute with HMRC in relation to partial exemption. This has progressed to tribunal in the year and management have received the final ruling from the tribunal judges. Subjective estimate: The outcome still requires significant judgements to be made by the directors in regard to the basis of the calculation in order to determine the amount recorded in the financial statements, therefore there is a risk the amounts recorded in the financial statements may differ from any amounts agreed through final settlements or appeals. The effect of these matters is that, as part of our risk assessment, we determined that the taxation provision has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. [The financial statements (note 6) disclose the range estimated by the Company.	Our procedures included: Our tax specialist expertise: Analysed and challenged, using our own tax specialists, the assumptions applied by the directors in calculating the exceptional charge and year end balance. We have assessed the Company's likelihood to appeal and range of outcomes in comparison to the best estimate made by the directors. Used our sector expertise to assess the likelihood, in comparison to similar companies in the industry. Sensitivity analysis: Performed sensitivity analysis on the range of outcomes to assess how sensitive the provision is to changes in assumptions. Tests of detail: Agreed a statistical sample of costs to supporting invoices and documentation, to determine the appropriate classification of costs in the provisioning model, which drives the overall outputs of the model and year end balance. Assessing transparency: Considered the adequacy of the Company's disclosures in relation to taxation provisions for compliance with the relevant accounting policies.

	The risk	Our response
Regulatory provision <i>Refer to page 26 (accounting policy) and page 52 (financial disclosures).</i>	Subjective estimate: The Company's provision of credit services to customers mean that it operates within a regulated environment which requires the Company to comply with the requirements of the Financial Conduct Authority (FCA). Where the Company has identified areas of historical non-compliance with these regulations, provisions are made for the expected cost of redressing customers. Such provisioning requires significant judgements to be made including the identification of potential liabilities due to regulatory matters, complaint trends, average redress and uphold rates.	Our procedures included: Test of detail: Assessed the completeness and accuracy of the data used to calculate the provisions, recalculated a sample of claim redress payments and average redress calculations, including vouching amounts paid to cash transactions; Obtained and inspected correspondence with the FCA and assessed customer complaints for indications of significant or non-identified areas of customer detriment that may require provision in the financial statements; Recalculated a sample of inputs into the provisioning models, including claim redress payments and average claim redress calculations; reviewing claim forecasting data and considered

	<p>There is a risk that liabilities are misstated if customer redress provisions are not adequately assessed and measured.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the regulatory provisions have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 21) disclose the sensitivity estimated by the Company.</p>	<p>the accuracy of previous forecasting and market expectations, including experienced and expected uphold rates.</p> <p>Our expertise: Using our experience of the regulatory requirements and wider industry, we critically assessed the completeness of key inputs into the Company's calculation of regulatory provisions, including agreeing to supporting documentation.</p> <p>Assessing transparency: Considered the adequacy of the Company's disclosures in relation to the judgements and estimation made in the regulatory provisioning</p>
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	The risk	Our response
<p>Carrying value of software and development costs under the course of construction</p> <p><i>Refer to page 23 (accounting policy) and page 34 (financial disclosures).</i></p>	<p>Accounting treatment:</p> <p>The Company has incurred significant software and development project costs in the current and prior year in respect of a significant systems infrastructure programme.</p> <p>The Company capitalises both internal and external eligible costs to the extent that future economic benefits are expected to be generated by the project. This requires judgement as to whether the costs incurred are directly attributable and that the development relates to technically feasible systems and websites.</p> <p>Judgements are involved in determining the classification of software and development costs between revenue and capital expenditure.</p> <p>Forecast based valuation:</p> <p>Assets under the course of construction are not subject to amortisation and as such, are required to be tested for impairment annually. Assessing recoverability of these assets is based on forecasting and discounting future cash flows.</p> <p>This assessment is inherently judgemental.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value in use has a high degree of estimation uncertainty, with a potential</p>	<p>Our procedures included:</p> <p>Test of detail: Agreed a statistical sample of costs capitalised to external invoices or internal timesheets, to determine the nature of the items and evaluate the appropriateness of their classification as capitalised costs, by reference to the recognition criteria of the applicable accounting standards.</p> <p>Our experience: With assistance from our IT specialist, we challenged the Company's assessment of technical feasibility of the projects released based on our discussions with key project leads and impairment indicators using our understanding of project progress, discussions at Board level and performance to date.</p> <p>Historical comparison: Assessed the Company's impairment model for assets under the course of construction for forecasting accuracy by comparing actual results in the period to what was previously forecast for the year. Critically evaluated the assumptions for future growth, with regard to actual growth rates in the previous years.</p> <p>Assessing transparency: Considered the adequacy of the Company's disclosures in respect of capitalisation of software and development of intangible assets.</p>

	range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 7) disclose the sensitivity estimated by the Company.	
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	The risk	Our response
Carrying value of inventories <i>Refer to page 26 (accounting policy) and page 36 (financial disclosures).</i>	Subjective estimate: <p>The Company has significant levels of inventory and a number of judgements and estimates are made in estimating provisions for aged or slow moving inventories.</p> <p>Furthermore, the seasonal nature of retail business and changes in customer preferences and spending patterns, primarily driven by the wider fashion industry, introduces uncertainty over the recoverability of inventories.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the carrying value of inventories has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p>	<p>Our procedures included:</p> <p>Tests of detail: Compared aged inventory levels in the current financial year against the prior financial year to identify categories with significant slow moving or obsolete inventories.</p> <p>Compared current and some of the significant aged inventory levels to current financial year sales data to check whether slow moving and obsolete inventories have been appropriately identified.</p> <p>Tested the adequacy of the inventory provision by comparing the average selling price in the year of inventory items to the cost of the inventory at year end. Compared recent selling prices of inventory to the cost of inventory for a statistical sample of items sold via new routes. Compared the value of write offs and scrapped items in the financial years to historic inventory provisions.</p> <p>Our specialist expertise: With the assistance of our own data analytics specialists, we have recalculated the current year provision on non-current inventories based on the current year sales data.</p> <p>Assessing transparency: Considered the adequacy of the Company's disclosures in respect of the judgement and estimation made in respect of the inventory provisioning.</p>

We continue to perform procedures over the carrying value of Fagleaves intangible assets. However, following the full impairment of the brand intangible assets, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £3,685,000 (2018: £2,500,000), determined with reference to a benchmark of profit before tax excluding exceptional items (of which it represents 4.0% (2018: 3.8%)).

We agreed to report to the Board of Directors any corrected or uncorrected identified misstatements exceeding £184,250 (2018: £125,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the Company's head office.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report).

Based on the work described in our response to that key audit matter, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

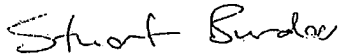
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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.



Stuart Burdass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square, Manchester, M2 3AE

28 June 2019

Profit and Loss Account

For the 52 week period ending 2 March 2019

	Notes	For the 52 weeks ended 2 March 2019 £'000	For the 52 weeks ended 3 March 2018 £'000
Turnover	2	881,609	887,031
Cost of sales		(402,648)	(403,372)
Gross profit		478,961	483,659
Distribution costs		(79,295)	(80,983)
Selling and administration costs		(297,971)	(311,455)
Exceptional items	2	(149,888)	(56,808)
Operating (loss)/profit		(48,193)	34,413
Finance charges (net)	3	(21,006)	(16,051)
Fair value adjustments to financial instruments	18	4,461	(8,515)
(Loss)/profit on ordinary activities before taxation	4, 5	(64,738)	9,847
Tax on loss/(profit) on ordinary activities	6	11,287	(5,813)
(Loss)/profit for the financial period		(53,451)	4,034

All activity has arisen from continuing operations.

Other Comprehensive Income

	Notes	For the 52 weeks ended 2 March 2019 £'000	For the 52 weeks ended 3 March 2018 £'000
(Loss)/profit for the financial period		(53,451)	4,034
<i>Items that will not be reclassified to profit or loss</i>			
Recognition of defined benefit pension scheme asset gain/(loss)	16	3,939	10,475
Related deferred tax expense in respect of retirement benefit asset		(4,986)	(1,781)
Total other comprehensive (loss)/income		(1,047)	8,694
Total comprehensive (loss)/income for the period		(54,498)	12,728

The accompanying notes form an integral part of these financial statements.

Balance sheet

As at 2 March 2019

	Note	As at 2 March 2019 £'000	As at 3 March 2018 £'000
Non-current assets			
Intangible assets	7	145,169	150,232
Tangible assets	8	59,361	66,091
Retirement benefit surplus	16	23,976	19,264
Investments	9	4,547	16,502
		<u>233,053</u>	<u>252,089</u>
Current assets			
Stocks	10	99,848	110,658
Debtors	11	718,298	706,685
Cash at bank and in hand	22	-	27,820
		<u>818,146</u>	<u>845,163</u>
Current liabilities			
Trade and other payables	12	(838,657)	(764,163)
Provisions	21	(24,851)	(43,849)
Bank overdraft	22	(37,541)	-
		<u>(901,049)</u>	<u>(808,012)</u>
Net current (liabilities)/assets		<u>(82,903)</u>	<u>37,151</u>
Total assets less current liabilities		<u>150,150</u>	<u>289,240</u>
Non-current liabilities			
Deferred tax liability	13	(14,516)	(11,787)
Provisions for liabilities and charges	21	-	(5,404)
		<u>135,634</u>	<u>272,049</u>
Net assets		<u>135,634</u>	<u>272,049</u>
Capital and reserves			
Called-up share capital	14	114,978	114,978
Called-up ordinary A share capital	14	120	120
Called-up ordinary B share capital	14	120	120
Profit and loss account		20,416	156,831
		<u>135,634</u>	<u>272,049</u>
Shareholder's funds		<u>135,634</u>	<u>272,049</u>

The financial statements of J.D. Williams & Company Limited (company registration number 00178367) were approved by the Board of Directors and authorised for issue on 24 June 2019 and signed on its behalf by:


Craig Lovelace
Director

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

	Share Capital £000	Retained Earnings £000	Total £000
<i>For the 52 weeks ended 3 March 2018</i>			
Balance as at 27 February 2017	115,218	193,471	308,689
Comprehensive income for the period			
Profit for the period	-	4,034	4,034
Other items of comprehensive income for the period	-	8,694	8,694
Total comprehensive income for the period	-	12,728	12,728
Transactions with owners recorded directly in equity			
Share option credit	-	632	632
Equity dividends	-	(50,000)	(50,000)
Total contributions by and distributions to owners	-	(49,368)	(49,368)
Balance at 03 March 2018	115,218	156,831	272,049
<i>For the 52 weeks ended 2 March 2019</i>			
Balance as originally reported at 3 March 2018	115,218	156,831	272,049
Adjustment on initial application of IFRS 9 (net of tax)	-	(55,498)	(55,498)
Adjustment on initial application of IFRS 15 (net of tax)	-	(1,523)	(1,523)
Balance restated at 3 March 2018	115,218	99,810	215,028
Comprehensive income for the period			
Loss for the period	-	(53,451)	(53,451)
Other items of comprehensive expense for the period	-	(1,047)	(1,047)
Total comprehensive income for the period	-	(54,498)	(54,498)
Transactions with owners recorded directly in equity			
Share option credit	-	104	104
Equity dividends	-	(25,000)	(25,000)
Total contributions by and distributions to owners	-	(24,896)	(24,896)
Balance at 2 March 2019	115,218	20,416	135,634

The accompanying notes form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

JD Williams & Company Limited (the “Company”) is a company incorporated and domiciled in the UK. The registered office is Griffin House, 40 Lever Street, Manchester, M60 6ES. 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 principal accounting policies of the Company are summarised below.

Basis of accounting

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

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

The Company’s ultimate parent undertaking N Brown Group Plc includes the Company in its consolidated financial statements. The consolidated financial statements of N Brown Group Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered office address (see Note 20).

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

- A Cash Flow Statements and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effect of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;

As the consolidated financial statements of N Brown Group Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards except that derivative financial instrument are stated at their fair value.

Accounting period

Throughout the financial statements, the notes to the financial statements and the Directors’ Report reference to 2019 means at 2 March 2019 or the 52 weeks then ended; reference to 2018 means at 3 March 2018 or the 52 weeks then ended unless otherwise stated.

Notes (continued)

1 Accounting policies (continued)

Adoption of new and revised standards

IFRS 9 Financial Instruments

The Company has initially applied IFRS9 from 4 March 2018. Due to the transition methods chosen by the Company in applying this standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard. The effect of initially applying this standard has been an increase in impairment losses recognised in financial assets.

Transition

Changes in accounting policies resulting from the adoption of IFRS9 have been applied retrospectively except the company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement including impairment requirements. Differences in the carrying amounts of financial assets and liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 4 March 2018. Accordingly, the information presented for the period to 3 March 2018 reflects the requirements of IAS 39 rather than IFRS 9.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS1 Presentation of Financial Statements, which require separate presentation in the Consolidated Income Statement of interest revenue calculated using the effective interest rate method.

Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and loss (“FVTPL”). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. A financial asset is measured at amortised cost if both the following conditions are met and it has not been designated as at FVTPL:

- the asset is held within a business model whose objective is to hold the asset to collect its contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows on specified dates that represent payments of solely principal and interest on the outstanding principal amount.

Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of £67.2m in the allowance for impairment over these receivables was recognised in the opening retained earnings at 4 March 2018 on transition to IFRS 9.

The Company held financial instruments that would be classified as FVTPL at 2 March 2019. The profit/(loss) on fair value adjustments was £4.5m (FY18: (£8.5m)).

i) Impairment

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. As the Company has determined there is a significant financing component the ECL model introduces the concept of staging.

Stage 1 – assets which have not demonstrated any significant increase in credit risk since origination

Stage 2 – assets which have demonstrated a significant increase in credit risk since origination

Stage 3 – assets which are credit impaired

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are calculated for assets in Stage 1 and lifetime ECLs are calculated for assets in Stages 2 and 3. Assets can move from Stage 1 to Stage 2 if there is evidence of a significant increase in credit risk since origination.

Notes (continued)

1. Accounting policies (continued)

The ECL is calculated using inputs relating to the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The Probability of Default is an estimate of the likelihood of default over 12 months and the expected lifetime of the debt.

The Exposure at Default is an estimate of the exposure at the date of default, taking into account expected changes in the exposure after the reporting date such as interest accrued.

The Loss Given Default is an estimate of the loss arising on default, including an estimation of recoveries.

Definition of default

At each reporting date, the Company will assess whether financial assets carried at amortised cost are in default. Evidence that a financial asset is in default includes the following observable data: The account has been placed on a non-interest bearing payment arrangement (as part of forbearance measures); notification of bereavement has been received; or the receivable is 56 or more days past due for new customers and 84 days past due for established customers.

Definition of write off

The Company considers that an asset should be written off when it is more than 124 days past due for new customers and 152 days past due for established customers and all arrears activity has been exhausted.

Significant increase in credit risk

The credit risk of a financial asset will be considered to have experienced a significant increase in credit risk since initial recognition where there has been a significant increase in the remaining lifetime probability of default of the asset.

As a general indicator, credit risk is deemed to have increased significantly since initial recognition if based on the Company's quantitative modelling the remaining lifetime probability of default is determined to have increased by more than 250% of the corresponding amount estimated on initial recognition.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 28 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which the minimum payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The credit risk of a financial asset may improve such that it is no longer considered to have experienced a significant increase in credit risk if there has been a significant decrease in the remaining lifetime probability of default of the asset.

Incorporation of forward looking data

The Company incorporates forward looking information into its measurement of expected credit loss. This is achieved by developing a number of potential economic scenarios and modelling expected credit losses for each scenario. The outputs from each scenario are combined; using the estimated likelihood of each scenario occurring to derive a probability weighted expected credit loss.

Impact of the new impairment model

The Company has determined that the application of IFRS 9's impairment requirements at 4 March 2018 results in an additional impairment allowance as set out in note 11. Exposures were segmented based on common credit risk characteristics such as behavioural score and age of relationship.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtained control of the goods or services.

The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised. The Company have performed a comprehensive review of all revenue streams, focusing on those most likely to be impacted by IFRS 15. From this review, it was determined that no changes are required to our current revenue recognition methods.

Notes (continued)

1. Accounting policies (continued)

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except the Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 4 March 2018. Accordingly, the information presented for the year ended 3 March 2018 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

IFRS 16 Leases

The Company is required to adopt IFRS 16 Leases from 1 January 2019, therefore it will be applicable to the Company for the year ending 29 February 2020 and has not been early adopted by the Company. IFRS 16 will affect the presentation of the financial statements introducing a single, on-balance sheet lease accounting model for lessees.

A lessee recognises a right-use asset representing its right to use the underlying asset and a corresponding lease liability representing its obligation to make lease payments. There are recognition exemptions available for short term leases and leases of low-value items, which the Company plans to adopt.

Through the work performed by the Company to date to assess the impact on transition, the Company have sought professional advice and held accounting workshops to evaluate the impact on the Company's results, financial position and budgets.

This will affect the Balance Sheet, Income Statement and disclosures to the financial statements, however through the work performed by the Company to date to assess the impact on transition, the net impact on all of the above Primary Financial Statements is estimated to be immaterial.

The Company plans to apply IFRS 16 for the year ending 29 February 2020 using the modified retrospective approach.

Going concern

In determining whether the Company's accounts can be prepared on a going concern basis, the Directors considered the Company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities.

Notwithstanding net current liabilities of £82.9m as at 2 March 2019 and a loss for the year then ended of £53.5m the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 32 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its securitisation facility and overdraft facility and in downside cases funding from its ultimate company, N Brown Group plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on N Brown Group plc not seeking repayment of the amounts currently due to Planetree Limited, an entity controlled by N Brown Group plc, which at 2 March 2019 amounted to £376.2m, and providing additional financial support during that period. N Brown Group plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date to Planetree Limited, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes (continued)

1. Accounting policies (continued)

Property, Plant and Equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment in value. Land and buildings are shown at original historical cost or subsequent valuation, net of depreciation and any provision for impairment.

No depreciation is charged on freehold land. Depreciation of all other tangible assets is calculated so as to write off the cost or valuation of each asset over its expected useful life as follows:

Land & buildings

Freehold buildings	2% of cost or valuation
Leasehold property additions and improvements	equal annual amounts over the unexpired term of the lease

Fixtures and equipment

Computer equipment and software	between 10% and 20% of cost
Plant and machinery	between 5% and 20% of cost
All other tangible fixed assets	between 10% and 20% of cost

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Share based payments

N Brown Group plc issues equity-settled share-based payments to certain employees of the Company. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on an estimate of shares that will eventually vest. This is recognised as an employee expense with a corresponding increase in equity. Fair value is measured by Monte - Carlo for options subject to a market based performance condition and by use of the Black-Scholes pricing model for all others. 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.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates relating to the purchase of overseas sourced product, and interest rates relating to the Company's debt. The Company uses foreign exchange forward contracts and interest rate swap contracts where appropriate to hedge these exposures. In accordance with its treasury policy, the Company does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

Derivatives are stated at their fair value. The fair value of foreign currency derivatives contracts is their quoted market value at the balance sheet date. Market values are based on the duration of the derivative instrument together with the quoted market data including interest rates, foreign exchange rates and market volatility at the balance sheet date. The fair value of interest rate contracts is the estimated amount that the Company would receive to pay to terminate them at the balance sheet date, taking into account prevailing interest rates. Changes in the fair value of currency derivative financial instruments are recognised in the income as they arise.

Notes (continued)

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.

Product revenue is for the sale of a product which generally includes one performance obligation. The Company has concluded that revenue from product sales should be recognised when a customer obtains control of the goods, i.e. on delivery of the product. For product sales, this is recognised upon delivery to the customer premises, as detailed in our accounting policy. This is the point in time at which the customer accepts the risks and rewards of ownership transfer and the control passes to the customer. The impact upon transition to IFRS 15 is immaterial.

Also, under IFRS 15, the Company estimates the value of goods that will be returned. Under the old standard, IAS 8, expected returns were estimated using a similar approach and therefore no adjustment was required upon transition to IFRS 15.

Based on its assessment above, the application of IFRS 15 has not had a significant impact on the financial statements.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Company will not apply the requirements of IFRS 15 to the comparative period presented.

In the case of goods sold through our retail stores and trading websites, revenue is recognised when goods are delivered to the customer and control is transferred to the customer. Sales returns in the period are recognised as a deduction to revenue based on expected levels of returns. Provision is made for outstanding returns not yet made at the period 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 liabilities (for credit sales) and accruals (for cash sales). Inventory expected to come back as a result of returns is recorded as a reduction in cost of sales with a corresponding entry to increase the closing stocks.

Financial services revenue includes interest, administrative charges and arrangement fees. 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.

Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease even where payments are not made on such a basis.

Foreign exchange

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Intangible assets

Computer software development costs that generate economic benefits beyond one year are capitalised as intangible assets and amortised on a straight-line basis over a range of five to ten years. Assets under construction are not amortised but instead tested for impairment annually.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials and direct labour. Other development expenditure is recognised in the income statement as an

Notes (continued)

1. Accounting policies (continued)

Intangible assets (continued)

expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Customer databases arising on acquisitions assessed under the requirements of IFRS 3 are amortised over their useful economic lives, which have been assessed as being five years.

Legally protected or otherwise separable trade names acquired as part of a business combination are capitalised at fair value on acquisition. Brand names are individually assessed and are assumed to have an indefinite life and are not amortised, but are subject to annual impairment tests.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying value 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 the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Trade receivables

During the period the Company has adopted IFRS 9 Financial Instruments for the first time. The standard sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces IAS 39 Financial Instruments, Recognition and Measurement.

Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost; fair value through other comprehensive income ('FVOCI'); and fair value through profit and loss ('FVTPL'). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

A financial asset is measured at amortised cost if both the following conditions are met and it has not been designated as at FVTPL:

- the asset is held within a business model whose objective is to hold the asset to collect its contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows on specified dates that represent payments of solely principal and interest on the outstanding principal amount.

Trade and other receivables which were classified as loans and receivables under IAS 39 are now classified as amortised cost. An increase of £67.2m in the allowance for impairment over these receivables was recognised in the opening retained earnings at 4 March 2018 on transition to IFRS 9.

Notes (continued)

1. Accounting policies (continued)

Trade receivables (continued)

The Company held financial instruments that would be classified as FVTPL at 2 March 2019. The profit on fair value adjustments was £4.5m (FY18: loss £8.5m).

Trade receivables were initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts were recognised in profit or loss when there was objective evidence that the asset was impaired based on specific customer patterns of behaviour which may be affected by external economic conditions.

The allowance recognised was 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.

The Group derecognised a financial asset, or a portion of a financial asset, from its balance sheet where the contractual rights to cash flows from the asset had expired, or had been transferred, such as by a sale, and with them all the risks and rewards of the asset.

Trade receivables were 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.

Goodwill

Goodwill arising on acquisition is recognised as an asset on the date control is acquired and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Goodwill is not amortised, but is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Purchased goodwill arising on acquisitions before 1 March 1998 was charged against reserves in the year of acquisition in accordance with UK GAAP and has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Exceptional items

Exceptional items are those that are considered to be one off, ultimately non-recurring in nature and so material that the Directors believe that they require separate disclosure to avoid distortion of underlying performance and should be separately presented in total, on the face of the income statement.

Supplier rebates

The Company enters into volume based rebate arrangements with suppliers. Rebates are calculated annually based on agreements in place, which stipulate an agreed percentage of purchase be granted as a rebate. Rebates are agreed with suppliers or are probable to be agreed with suppliers before they are recognised in the Income Statement; outstanding balances are recorded in accrued income.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of other comprehensive income in the period in which they occur. Remeasurement recorded in the statement of other comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Notes (continued)

1. Accounting policies (continued)

Retirement benefit costs (continued)

Defined benefit costs are split into three categories:

- Current service cost, past-service cost and gains and losses on curtailments and settlements;
- Net interest expense or income; and
- Remeasurement.

The Company presents the first two components of defined benefit costs within operating expenses (see note 16) in its Profit and Loss Account. Curtailments gains and losses are accounted for as past-service cost. Net-interest expense or income is recognised within finance costs (see note 3). The retirement benefit asset/ (obligation) recognised in the balance sheet represents the present value of the defined benefit asset/ (obligation), as reduced by the fair value of scheme assets. Any asset resulting from this calculation is restricted to the past service cost plus the present value of available refunds and reductions in future contributions.

Inventories

Inventories have been valued at the lower of cost and net realisable value. Provision is made based on the age of the inventory and management's estimates of future disposal strategies. Cost comprises direct materials and those overheads that have been incurred in bringing inventories to their present location and condition based on the standard costing method. Cost has been calculated on a first-in first-out basis. Net realisable value means estimated selling price less all costs to be incurred in marketing, selling and distribution.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Provisions

The Company recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably. The Company has on-going discussions with HMRC in respect of a number of Corporation tax positions. Provisions are made in respect of these positions when management consider it probable that the position will be settled via payment to HMRC and it is possible to estimate reliably the amount of the obligation which will be settled. In determining whether a future economic outflow is probable the Company assesses all available information including the opinion of legal counsel where appropriate.

Provision is made for customer remediation when the Company has established that a present obligation exists in respect of financial services products sold in the past. The provision requires a significant level of estimation and judgement and the amounts provided depend on a number of different assumptions.

Provision is made for restructuring costs, including the costs of redundancy, when the Company has a constructive obligation to restructure. An obligation exists when the Company has a detailed formal plan for the restructuring and has raised a valid expectation in those affected by starting to implement the plan or by

Notes (continued)

1. Accounting policies (continued)

Provisions (continued)

announcing its main features. If the Company has a contract that is onerous, it recognises the present obligation under the contract as a provision. An onerous contract is one where the unavoidable costs of meeting the Company's contractual obligations exceed the expected economic benefits. When the Company vacates a leasehold property, a provision is recognised for the unavoidable future costs under the lease less any expected economic benefits (such as rental income).

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

Notes (continued)

2 Operating profit

Turnover is analysed as follows:

	2019 £000	2018 £000
Sale of goods	588,384	621,909
Financial services	293,225	265,122
Total turnover	<u>881,609</u>	<u>887,031</u>

The Company has one significant geographical segment, which is the United Kingdom. Revenue derived from international markets amounted to £4,714,000 (2018: £4,074,000) and they incurred operating losses of £228,000 (2018 losses: £318,000). All segment assets are located in the UK, Ireland and the US.

Exceptional items are analysed as follows:

	2019 £000	2018 £000
Impairment of tangible assets, intangible assets and brands	24,862	-
VAT Debtor impairment	49,415	-
External matters relating to tax and other matters	8,330	3,069
Clearance store closure costs	22,004	13,739
Financial services customer redress (see note 21)	45,007	40,000
GMP equalisation adjustment	270	-
	<u>149,888</u>	<u>56,808</u>

Impairment of tangible, intangible assets and investments in subsidiaries

In accordance with the requirements of IAS 36 management have assessed the carrying value of the intangible and tangible assets held in respect of Fingleaves and following this review have written down the value of investments (£11.9m) and tangible fixed assets (£1.5m) in full.

In addition, following this review the directors have also written off in full the remaining deferred tax asset of £3.0m in relation to future unutilised tax losses. This has been presented as an exceptional item.

During the period the Company also terminated an agreement with a third-party IT Financial Services provider, Welcom Digital Limited ("WDL"). Following a detailed review of capitalised development spend held in respect of this item a non-cash impairment charge of £11.4m was made.

VAT debtor

The Company has been in a long running dispute with HMRC with respect to the VAT treatment of certain marketing and non-marketing costs and the allocation of those costs between our retail and credit businesses. The case was heard in a first tier VAT tribunal in May 2018 with a draft decision being issued in November 2018 which was made public in March 2019.

The case has two key aspects, those being attribution and apportionment. With respect to attribution, the judge agreed with HMRC, finding that when the Company is marketing goods it is also in effect marketing financial services, even if there is no reference to this in its marketing materials. The judge however ruled against HMRC and directed that in apportioning costs via a turnover ratio, VATable product turnover should be included in full, but VAT exempt financial services income should in part be excluded to the extent that it did not relate to the original marketing activities.

As at 3 March 2018, the Company had an asset of £43.8m which had arisen as a result of cash payments made under protective assessments raised by HMRC.

Notes (continued)

2 Operating profit (continued)

Whilst discussions are on-going with HMRC and a final outcome has not yet been achieved, following the final ruling management have reviewed the likelihood of recovering this asset and as a result of this review have written down the value by £37.9m. In addition, a further £11.5m has been accrued in respect of the period June 2017 to 2 March 2019 as protective assessments have not yet been raised in respect of this period. This results in a total exceptional charge of £49.4m. For further information see note 22.

Other VAT matters including associated legal and professional fees

The Company is currently in discussions with HMRC regarding historic underestimation of VAT and has consequently charged £3.3m in respect of settlement of this item. In addition, these costs also relate to on-going legal and professional fees, which have been incurred as a result of the Company's on-going disputes with HMRC regarding a number of historical VAT matters and tax positions. Of the amount charged in the period the Company has made related cash payments of £2.8m (2018: £1.2m).

Closure costs

In line with our strategy of reshaping our retail offering, following a period of consultation with all staff involved in our store estate, the decision was made to close all remaining retail outlets at the end of August 2018. This review resulted in an exceptional cost of £22.0m in respect of onerous lease provisions, other related store closure costs and asset write offs of £5.7m.

Customer redress

Following an industry wide request from the FCA that firms ensure that general insurance products and add-ons offered value for their customers, during the previous year the Company identified flaws in certain insurance products which were provided by a third party insurance underwriter and following an assessment of the cost of potential customer redress an exceptional charge of £40.0m was recognised.

During the year, this element of the customer redress programme has been completed and as a result of upheld rates being materially higher than that expected, the total cost of redress was £56.5m. A charge of £16.5m has therefore been made to reflect this additional expense.

The Plevin court ruling was made in November 2017, which meant that if more than 50% of a customer's PPI payments were paid as commissions and this was not explained to them at the time, they could claim back payments plus interest. This, combined with an increase in marketing activity by the FCA to raise awareness of the August 2019 deadline appears to have had the effect of increasing the volume of claims across the industry. As at 2 March 2019, a charge of £28.5m has been recognised to reflect an updated estimate following an increase in the volume of claims and the latest assessment of the expected uphold rate and average redress per claim.

GMP equalisation

An exceptional pension cost arose in the year as a result of the High Court ruling in the case of Lloyds Bank in relation to Guaranteed Minimum Pension ("GMP") equalisation. Whilst this may still be subject to appeal, we have made an exceptional provision of £0.3m for the expected one-off impact of GMP equalisation on the reported liabilities of the Company's defined benefit pension scheme. Further details are included in note 16.

Notes (continued)

3 Finance charges (net)

	2019 £000	2018 £000
Interest payable and similar charges		
Interest on bank and intercompany loans and overdrafts	20,334	8,581
Debt factoring charge	1,873	11,070
	<hr/>	<hr/>
Total interest payable	22,207	19,651
Interest credit on bank and intercompany loans	(658)	(3,373)
Interest credit on pension scheme assets and liabilities	(543)	(227)
	<hr/>	<hr/>
Total interest receivable	(1,201)	3,600
	<hr/>	<hr/>
Net interest payable	21,006	16,051
	<hr/>	<hr/>

4 Loss/profit on ordinary activities before taxation

Loss/profit on ordinary activities before taxation is stated after charging:

	2019 £'000	2018 £'000
Depreciation of property, plant and equipment	4,433	5,372
Loss on disposal	5,732	2,689
Amortisation of intangible fixed assets	25,625	22,877
Cost of inventories recognised as expense	284,989	301,508
Property leases	1,152	3,456
Other operating lease rentals	1,174	1,005
Charitable donations	115	94
	<hr/>	<hr/>

Fees paid to the Company's auditor, KPMG LLP and its associates for the audit of the Company were £200,000 (2018: £175,000). Fees paid for services other than the statutory audit of the Company are not disclosed in the company's financial statements since the consolidated financial statements of the Company's parent, N Brown Group plc, are required to disclose non-audit fees on a consolidated basis.

Included in cost of sales is a foreign exchange gain of £3,066,000 (2018: Loss of £3,080,000).

5 Staff costs

Particulars of employees (including executive directors) are as shown below:

	2019 £'000	2018 £'000
<i>Employee costs during the period amounted to:</i>		
Wages and salaries	66,812	69,798
Social security costs	5,638	5,954
Other pension costs	5,450	4,114
	<hr/>	<hr/>
	77,900	79,866
	<hr/>	<hr/>

Notes (continued)

5 Staff costs (continued)

The average monthly number of persons employed by the Company during the period was as follows:

	2019 Number	2018 Number
Distribution	1,106	1,139
Sales and administration	1,335	1,456
	<u>2,441</u>	<u>2,595</u>

Directors' remuneration

Directors' remuneration was as follows:

	2019 £'000	2018 £'000
Aggregate emoluments	3,213	3,892
Company pension contribution to money purchase schemes	64	52
Termination costs	41	116
	<u>3,318</u>	<u>4,060</u>

Gains in the period made on the exercise of share options/awards by nil directors were nil (2018: nil).
Retirement benefits are accruing to nil directors (2018: nil) under the Company's defined benefit scheme.

The Company made contributions into the Company's defined contribution scheme during the period on behalf of seven directors of £64,094 (2018: £52,415).

Highest paid director

Company pension contribution to money purchase schemes

	2019 £'000	2018 £'000
Aggregate emoluments	543	1,125
Company pension contribution to money purchase schemes	35	83
	<u>578</u>	<u>1,208</u>

Notes (continued)

6 Tax on profit on ordinary activities

The tax recognised in the profit and loss account:

	2019 £'000	2018 £'000
UK corporation tax – current year	(2,493)	4,521
UK corporation tax – adjustment in respect of prior year	11,061	(2,599)
UK corporation tax – receipt/payment for group relief	(13,161)	2,411
Total current tax	(4,593)	4,333
Deferred taxation arising from		
- Origination and reversal of temporary timing differences	(6,558)	(1,571)
- Adjustments in respect of previous periods	(136)	3,051
Total deferred tax (see note 13)	(6,694)	1,480
Total tax (credit)/charge	(11,287)	5,813

The Company is in ongoing discussions with HMRC in respect of a number of Corporation tax positions. The calculation of the Company's potential liabilities or assets in respect of these involves a degree of estimation and judgement in respect of items whose tax treatment cannot be finally determined until resolution has been reached with HMRC or, as appropriate, through a legal process. Issues can, and often do, take a number of years to resolve.

In respect of Corporation tax, as at 2 March 2019 the Company has provided a total of £16,768k (2018: £3,800k) for potential tax future charges based upon the Company's best estimation and judgement and advice from external tax advisors. Adjustments in respect of previous periods include the above mentioned increase in current tax provisions relating to items which are subject to ongoing discussions with HMRC (£12,968k).

Notes (continued)

6 Tax on profit on ordinary activities (continued)

The tax for the current period varied from the standard rate of corporation tax in the UK due to the following factors:

	2019 £'000	2018 £'000
(Loss)/Profit for the period	(53,451)	4,034
Total tax (credit)/expense	(11,287)	5,813
(Loss)/Profit excluding taxation	(64,738)	9,847
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19.08%)	(12,300)	1,878
Expenses disallowable for tax purposes	3,147	229
Gains on exercise of share options	-	92
Utilisation of group tax losses	-	560
Adjustment in respect of prior periods	10,925	452
Effect of change in deferred tax rate	102	192
Payment for group relief	(13,161)	2,411
Tax (credit)/charge for the period	(11,287)	5,813

UK corporation tax is calculated at 19% (2018: 19.08%) of the estimated assessable profit for the period.

Reductions in the UK Corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

This will reduce the future current tax charge accordingly. The Company's deferred tax assets and liabilities as at 2 March 2019 have been calculated based upon the rates which will apply when those balances are expected to unwind.

Notes (continued)

7 Intangible assets

	Brands £'000	Customer Database £'000	Goodwill £'000	Software £'000	Total £'000
Cost					
At 27 February 2017	2,017	281	1,619	297,650	301,567
Additions	-	-	-	37,128	37,128
Disposals	-	-	-	(58)	(58)
At 4 March 2018	2,017	281	1,619	334,720	338,637
Additions	-	-	-	33,509	33,509
Disposals	-	-	-	(2,433)	(2,433)
At 2 March 2019	2,017	281	1,619	365,796	369,713
Amortisation					
At 27 February 2017	76	281	1,619	163,615	165,591
Charge for the period	-	-	-	22,835	22,835
Disposals	-	-	-	(21)	(21)
At 4 March 2018	76	281	1,619	186,429	188,405
Charge for the period	-	-	-	25,628	25,628
Impairment	15	-	-	12,184	12,199
Disposals	-	-	-	(1,688)	(1,688)
At 2 March 2019	91	281	1,619	222,553	224,544
Net book value					
At 2 March 2019	1,926	-	-	143,243	145,169
At 4 March 2018	1,941	-	-	148,291	150,232
At 27 February 2017	1,941	-	-	134,035	135,976

Assets in the course of construction included in intangible assets at the period end total £35,391,667 (2018: £14,575,000).

Borrowing costs of £nil (2018 £111,000) have been capitalised in the period using the weighted average bank loan interest rate applied to the capitalised spend on Fit 4 the Future project.

As at 2 March 2019, the Company had entered into contractual commitments for the further development of intangible assets of £4,651,913 (2018: £1,959,000) of which £1,480,159 (2018: £1,049,000) is due to be paid within one year.

A review of the recoverable amount of intangible assets has been performed at the balance sheet date. The Company has taken advantage of the disclosure exemption in FRS101, with regard to the disclosure of the assumptions used and sensitivities applied in this impairment review.

Notes (continued)

8 Tangible assets

	Freehold land and buildings £'000	Fixtures and Equipment £'000	Total £'000
Cost			
At 27 February 2017	59,077	125,552	184,629
Additions	-	1,799	1,799
Disposals	(48)	(4,129)	(4,177)
At 4 March 2018	59,029	123,222	182,251
Additions	(563)	3,358	2,795
Transfer	563	(563)	-
Disposals	-	(11,582)	(11,582)
At 2 March 2019	59,029	114,435	173,464
Depreciation			
At 27 February 2017	14,245	97,983	112,228
Charge for the period	1,165	4,212	5,372
Disposals	-	(1,440)	(1,440)
At 4 March 2018	15,410	100,750	116,160
Charge for the period	1,154	3,279	4,433
Impairment	-	66	66
Disposals	-	(6,556)	(6,556)
At 2 March 2019	16,564	97,539	114,103
Net book value			
At 2 March 2019	42,465	16,896	59,361
At 4 March 2018	43,619	22,472	66,091
At 27 February 2017	44,832	27,569	72,401

The cost of freehold property, plant and equipment includes capitalised interest of £5,300,000 (2018: £5,300,000).

Assets in the course of construction included in fixtures and equipment at the period end date total £2,287,292 (2018: £1,602,967) and in land and buildings £nil (2018: £nil). No depreciation has been charged against these assets (2018: £nil).

All land and buildings are subject to depreciation, except for land held under freehold which is not depreciated. No assets are held under finance leases or hire purchase contracts.

At 2 March 2019 the Company had not entered into any contractual commitments for the acquisition of property, plant and equipment (2018: £nil).

Notes (continued)

9 Fixed asset investments

Subsidiary undertakings

	2019 £'000	2018 £'000
Net book value at start of year	16,502	16,502
Impairment in year	(11,955)	-
	<u>4,547</u>	<u>16,502</u>

Provisions of £19,715,000 (2018: £7,760,000) are recorded against a historic cost of £24,262,000 (2018: £24,262,000). The impairment of £11,955,000 relates to Figleaves branded assets.

The principal subsidiary undertakings of the Company are as follows:

Company	Principal activity	Country of incorporation and operation	Ordinary Shareholding
Oxendale & Company Limited	Direct home shopping retailer	Republic of Ireland	100%
JDW Finance Limited	Financing and ancillary services	England	100%
Gray & Osbourn Limited	Direct home shopping retailer	England	100%
Speciality Home Shopping (US) Limited	Direct home shopping retailer	England	100%

Details of all of the Company's subsidiary undertakings including those that are not principal and are non-trading are disclosed in note 20.

10 Stocks

	2019 £'000	2018 £'000
Finished goods	98,541	109,311
Sundry stocks	1,307	1,347
	<u>99,848</u>	<u>110,658</u>

A net charge of £1,564,000 (2018: £714,000) has been made in respect of written down inventories. Sundry stocks relate to spare parts for engineering repairs and packaging stocks.

11 Debtors

	2019 £'000	2018 £'000
Trade debtors	576,414	590,255
Amounts owed by group undertakings	60,213	42,121
Other debtors	35,002	21,711
Prepayments and accrued income	28,132	21,200
Deferred tax asset (see note 13)	18,537	2,039
Social security and other taxes	-	29,359
	<u>718,298</u>	<u>706,685</u>

Notes (continued)

11 Debtors (continued)

Trade debtors are measured at amortised cost.

A weighted average APR of 59.2% (2018: 57.9%) is charged on the outstanding balance. Provision for impairment of receivables is calculated using an "expected credit loss" (ECL) model. For customers who find themselves in financial difficulties, the Group may offer revised payment terms to support the customer, encouraging customer rehabilitation and thereby maximising long-term returns. These revised terms may also include suspension of interest for a period of time.

The Company also acknowledges that there will be events that have occurred that are not yet identified within segments where a provision is not held.

The Company uses historic roll rates to measure the likelihood of receivables moving into a segment which is subject to individual impairment over a 7.5 month emergence period. This is then used to assess the level of provision needed in relation to these incurred but not reported ('IBNR' events).

Before accepting any new customers, the Company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The credit quality of debtors that are neither past due nor impaired, with regards to the historical default rate has remained stable.

Ageing of debtors

	Trade debtors	2019 Trade debtors on payment arrangement	Total trade debtors	Trade debtors	2018 Trade debtors on payment arrangement	Total trade debtors
	£000	£000	£000	£000	£000	£000
Current - not past due	551,356	19,935	571,291	512,958	30,811	543,769
0 - 28 days - past due	34,496	3,304	37,800	34,689	4,667	39,356
29 - 56 days - past due	20,140	1,326	21,466	18,831	1,629	20,460
57 - 84 days - past due	14,441	906	15,347	12,705	2,278	14,983
85 - 112 days - past due	10,202	555	10,757	8,924	1,608	10,532
Over 112 days - past due	11,771	4,776	16,547	7,886	1,733	9,619
Gross trade receivables	642,406	30,802	673,208	595,993	42,726	638,719
Allowance for doubtful debts	(83,164)	(13,630)	(96,794)	(27,852)	(20,613)	(48,465)
Net trade receivables	559,242	17,172	576,414	568,142	22,113	590,255

Allowance for doubtful debts

	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Balance as at 3 March 2018	21,990	46,862	46,813	115,665
Impairment	19,018	45,224	51,209	115,451
Utilised during the year	(25,471)	(50,405)	(58,446)	(134,322)
Balance as at 2 March 2019	15,537	41,681	39,576	96,794

The carrying amount of trade receivables whose terms have been renegotiated but would otherwise be past due totalled £17,174,000 at 2 March 2019 (2018, £53,811,000). Interest income recognised on trade receivables which have been impaired was £16,246,000 (2018, £29,800,000).

An increase of £67.2m in the allowance for impairment of trade receivables was recognised in the opening retained earnings at 4 March 2018 on transition to IFRS 9.

Notes (continued)

Debtors (continued)

	2019 £'000	2018 £'000
Balance at beginning of the year	48,465	64,480
IFRS 9 adjustment to opening balance	67,200	-
Amounts charged net to the profit and loss account	115,450	97,093
Net amounts written off	(134,321)	(113,108)
Balance at the end of the year	96,794	48,465

The amounts written off in the period of £137.9m include the sale of impaired assets with a net book value of £14.7m. This sale has also been a material driver in the reduction in net trade receivables on payments arrangements, from £22.1m to £17.2m as at 2 March 2019.

The concentration of credit risk is limited due to the customer base being large and unrelated and comprising 1.04 million (2018: 1.15 million) customers. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. All customer receivables are unsecured.

An appropriate allowance for estimated irrecoverable trade receivables is derived from estimates and underlying assumptions such as the Probability of Default and the Loss Given Default taking into consideration forward looking macroeconomic assumptions. Changes in the assumptions applied such as the value and frequency of future debt sales in calculating the Loss Given Default, and the estimation of customer repayments and Probability of Default rates, could have a significant impact on the carrying value of trade receivables. For example, an absolute increase of 3% in the value of the forward flow debt recoveries on established customers would reduce the ECL by approximately £0.4m. As a result this is continually assessed for relevance and adjusted appropriately. Revisions to estimates are recognised prospectively. Further information is given in the transition in note 1.

"Social security and other taxes" last year includes a net VAT debtor, comprising the VAT liability which arises from day to day trading, together with amounts in relation to matters which are in dispute with HMRC. This year the balance comprises a net creditor, see note 12.

Other debtors and prepayments do not include impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset. The Company does not hold any collateral over these balances. The Company is engaged in a factoring arrangement with Planetree Limited, a SPV (Special Purpose Vehicle), on full recourse terms. The balance owed in respect of this arrangement of £390,163,000 (2018: £284,341,000) is included within amounts owed to group undertakings at 2 March 2019 on the basis that Planetree Limited has full recourse to the factored debt.

12 Creditors: Amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	78,979	86,367
Amounts owed to group undertakings	677,954	626,966
Corporation tax	9,546	1,784
Derivative financial instruments (see note 18)	1,557	6,018
Accruals and deferred income	55,421	42,932
Social security and other taxes	14,766	-
Other creditors	435	96
	838,658	764,163

Loans payable to group undertakings are unsecured, have no fixed date for repayment and interest is paid at a rate of 3% plus the Bank of England 12 month Libor rate.

Notes (continued)

12 Creditors: Amounts falling due within one year (continued)

'Social security and other taxes' include a net VAT creditor, comprising the VAT debtor which arises from day to day trading together with amounts in relation to matters which are in dispute with HMRC. The Company has ongoing discussions with HMRC in respect of a number of VAT positions. The calculation of the Company's potential liabilities or assets in respect of these involves a degree of estimation and judgement in respect of items whose tax treatment cannot be finally determined until resolution has been reached with HMRC or, as appropriate, through legal processes. Issues can, and often do, take a number of years to resolve.

In respect of VAT, and excluding the issue mentioned below, the Company has provided a total of £6.6m (2018: £3.1m) in respect of future payments which the Directors have a reasonable expectation of making in settlement of these historical positions.

In addition, and separate to the above positions, the Company has been in a long running dispute with HMRC with respect to the VAT treatment of certain marketing costs and the allocation of those costs between our retail and credit businesses. The case was heard in a first tier VAT tribunal in May 2018 with a draft decision being issued in November 2018 which was published in March 2019.

The case has two key aspects, being attribution which is in respect of whether marketing costs can be directly attributed to product revenue or financial services income and secondly apportionment which is surrounding the allocation of marketing costs between the retail and financial services business. With respect to attribution, the judge agreed with HMRC, finding that when the Company is marketing goods it is also in effect marketing financial services, even if there is no reference to this in its marketing materials. The judge however ruled against HMRC's standard method of apportionment of costs (which is based on the proportion of total UK revenue which is generated from product sales).

As at 3 March 2018, the Company had an asset of £43.8m which had arisen as a result of cash payments made under protective assessments raised by HMRC.

Whilst discussions are on-going with HMRC and a final outcome not yet achieved, following the final ruling management have reviewed the likelihood of recovering the carrying value of the asset held as at March 2018 of £43.8m and as a result of this review have written down the value by £37.9m. As the Company has not yet been assessed by HMRC for the period June 2017 to March 2019 this has also resulted in an additional charge of £11.5m. This results in a total exceptional charge of £49.4m and a VAT creditor at year end of £6.6m (2018: £43.8m asset).

As the judge did not fully conclude on the apportionment issue, inherent uncertainty regarding the outcome of this position remains which means the eventual realisation could differ from the accounting estimates and therefore impact the Company's future results and cash flows. Discussions with HMRC are ongoing and if no agreement is reached, there will be a second tribunal hearing on this issue.

Based upon the details of the ruling and further external advice received by management, the Directors estimate that a favourable outcome could result in a cash receipt of up to £12.1m and an associated credit to the income statement of £18.7m, whilst an unfavourable outcome which would be based upon HMRC's stated position (which therefore would require HMRC successfully appealing the ruling) could result in a further cash outflow of £18.6m and an associated charge to the income statement of £12.0m.

Notes (continued)

13 Deferred Taxation

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	6,124	8,513	6,124	8,513
Retirement benefit obligations	-	-	8,392	3,274	8,392	3,274
Currency derivatives	(265)	(859)	-	-	(265)	(859)
Other timing differences	(516)	(1,180)	-	-	(516)	(1,180)
Tax losses	(7,328)	-	-	-	(7,328)	-
IFRS 9 transitional adjustment	(10,428)	-	-	-	(10,428)	-
Net tax (assets) / liabilities	(18,537)	(2,039)	14,516	11,787	(4,021)	9,748

The movement on deferred taxation comprises:

	2019	2018
	£'000	£'000
At 4 March 2018	9,748	6,487
Charged/(credited) to retained earnings, in respect of:		
- adjustment on initial application of IFRS 9	(11,705)	-
- adjustment on initial application of IFRS 15	(357)	-
	(12,062)	-
Charged/(credited) to profit and loss account, in respect of:		
- capital allowances	(2,390)	2,049
- currency derivatives	594	(1,187)
- other timing differences	1,022	529
- retirement benefit obligation	132	89
- tax losses	(7,328)	-
- IFRS 9 current year charge adjustment	1,277	-
	(6,694)	1,480
Charged to statement of comprehensive income in respect of		
- retirement benefit obligation	4,986	1,781
At 2 March 2019	(4,021)	9,748

At the balance sheet date, the Group has unused tax losses of £17.4m (2018: £nil) and capital losses of £7.3m (2018: £3.2m) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams within the Company which could be offset by these losses

Notes (continued)

14 Called-up share capital

	2019 £'000	2018 £'000
Allotted, called-up and fully-paid		
114,978,264 Ordinary shares of £1 each (2018: 114,978,264)	114,978	114,978

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Allotted, called-up and fully-paid		
120,040 Ordinary A shares of £1 each (2018: 120,040)	120	120

The Ordinary A shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Allotted, called-up and fully-paid		
120,040 Ordinary B shares of £1 each (2018: 120,040)	120	120

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

15 Dividend

During the period a dividend of £25,000,000 (2018: £50,000,000) was declared and paid.

Notes (continued)

16 Retirement benefit schemes

Defined contribution scheme

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit scheme is to make the specified contributions. The total cost charged to income of £5.4m (2018: £4.1m) represents contributions payable to the schemes by the Company at rates specified in the rules of the plans. As at 2 March 2019, contributions of £0.1m (2018: £0.1m) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit scheme

The Company operates a defined benefit scheme, the N Brown Group Pension Fund. Under the scheme, the employees are entitled to retirement benefits based on final pensionable earnings and was closed to new members from 31 January 2002. On 29 February 2016 the scheme was closed to future accrual. No other post-retirement benefits are provided. The scheme is a funded scheme and operates under UK trust law and the trust is a separate legal entity from the Group. The scheme is governed by a board of trustees. The trustees are required by law to act in the best interests of scheme members and are responsible for setting certain policies (e.g. investment funding) together with the Group. The scheme exposes the Group to actuarial risks such as longevity risk, interest rate risk and investment risk.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by an independent qualified actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. The principal actuarial assumptions used in determining the Company's net retirement benefit obligations at the balance sheet date were as follows:

The major assumptions used for the actuarial valuation were:

	2019	2018
Rate of increase in pensions in payment	2.05%	2.05%
Inflation - Retail price index	3.40%	3.35%
Inflation - Consumer price index	2.40%	2.35%
Discount rate	2.80%	2.75%
Life expectancy at age 65 (years):		
Pensioners aged 65 - male	22.2	23.0
Pensioners aged 65 - female	23.6	24.5
Non-pensioner aged 45 - male	24.0	24.9
Non-pensioner aged 45 - female	25.9	26.4

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

	2019 £'000	2018 £'000
Past service cost	270	-
Net interest (credit)	(543)	(227)
	(273)	(227)

Amounts recognised in other comprehensive income are as follows:

	2019 £'000	2018 £'000
Actual return less expected return on pension scheme assets	(3,108)	930
Changes in assumptions underlying the present value of the scheme liabilities	7,047	9,545
Actuarial gain recognised	3,939	10,475

The actual return on scheme assets was £683,000 (2018: £4,628,000).

Notes (continued)

16 Retirement benefit schemes (continued)

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

	2019 £'000	2018 £'000
Present value of defined benefit obligations	(112,019)	(120,691)
Fair value of scheme assets	135,995	139,955
	<u>23,976</u>	<u>19,264</u>
Deferred tax liability	<u>(8,392)</u>	<u>(3,274)</u>

The surplus reflects the economic benefit at the balance sheet date that the Company would be entitled to, through refund, in the event that the scheme was wound up.

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

	2019 £'000	2018 £'000
At start of period	139,955	143,495
Interest income	3,791	3,698
Return on scheme assets excluding interest income	(3,108)	930
Contributions	500	300
Benefits paid	(5,143)	(8,468)
At end of period	<u>135,995</u>	<u>139,955</u>

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

	2019 £'000	2018 £'000
At start of period	120,691	135,233
Current service cost	-	-
Interest cost	3,248	3,471
Past service cost	270	-
Remeasurement (gain)/loss		
a. Effect of changes in financial assumptions	(414)	(6,039)
b. Effect of experience adjustments	(3,325)	(3,506)
c. Effect of changes in demographic assumptions	(3,308)	-
Benefits paid	(5,143)	(8,468)
At end of period	<u>112,019</u>	<u>120,691</u>

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

	2019 £'000	2019 %	2018 £'000	2018 %
Equities	16,615	12.2	27,353	19.6
Fixed-interest government bonds	11,126	8.2	27,688	19.8
Index-linked government bonds	40,420	29.7	33,897	24.2
Corporate bonds	50,419	37.1	20,178	14.4
Property	1,713	1.3	2,579	1.8
Growth fixed income	8,936	6.6	13,298	9.5
Alternatives	4,355	3.2	13,979	10.0
Cash and cash equivalents	2,411	1.7	994	0.7
	<u>135,995</u>	<u>100</u>	<u>139,966</u>	<u>100</u>

Notes (continued)

16 Retirement benefit schemes (continued)

The estimated amounts of contributions expected to be paid to the scheme during the next financial year is £750,000 (2018: £500,000).

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, inflation and life expectancy.

- An increase of 0.25% in the discount rate used would decrease the defined benefit obligation by £5,300,000 (2018: £6,500,000).
- An increase of 0.25% in the inflation assumption would increase the defined benefit obligation by £4,500,000 (2018: £5,400,000).
- An increase of one year in the life expectancy assumption would increase the defined benefit obligation by £3,500,000 (2018: £3,900,000).

The above sensitivities are applied to adjust the defined benefit obligation at the end of the reporting period. Whilst the analysis does not take account of the full distribution of cash flows under the scheme, it does provide an approximation to the sensitivity of the assumptions shown. No changes have been made to the method and assumptions used in this analysis from those used in the previous period.

17 Guarantees and other financial commitments

a) Guarantees

The Company has jointly and severally guaranteed certain bank overdrafts and other liabilities of the Company's ultimate parent undertaking and certain fellow subsidiary undertakings. At 2 March 2019, this indebtedness amounted to £18.4m (2018: £40.2m).

b) Lease commitments

At the balance sheet date the Company had outstanding commitments for future minimum lease payments under non- cancellable operating lease rentals which are payable as follows:

2019	Leasehold property £'000	Other £'000	Total £'000
Less than one year	1,073	938	2,011
Between one and five years	2,596	1,467	4,063
More than five years	1,731	-	1,731
	<hr/> 5,401	<hr/> 2,404	<hr/> 7,805
	<hr/>	<hr/>	<hr/>
2018	Leasehold property £'000	Other £'000	Total £'000
Less than one year	6,233	565	6,798
Between one and five years	8,432	394	8,826
More than five years	1,874	-	1,874
	<hr/> 16,539	<hr/> 959	<hr/> 17,498
	<hr/>	<hr/>	<hr/>

Notes (continued)

18 Derivative financial instruments

At the balance sheet date, details of outstanding forward foreign exchange contracts that the Company has committed to are as follows:

	2019 £'000	2018 £'000
Notional amount – Sterling contract value	271,411	113,886
Fair value of (liabilities)/assets recognised	(1,557)	(6,018)

Changes in the fair value of assets recognised, being non-hedging currency derivatives, amounted to a gain of £4,461,000 (2018: loss of £8,515,000) to income in the period.

The financial instruments that are measured subsequent to initial recognition at fair value are all grouped into Level 2 (2018: same).

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

19 Financial Instruments

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of cash and cash equivalents attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings and intercompany loans.

Externally imposed capital requirement

The Company is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1.

Financial risk management objectives

The financial risks facing the Company include currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Company and the Group in which it operates, seek to minimise the effects of certain of these risks by using derivative financial instruments to hedge these risk exposures as governed by the Company's policies. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

It is the policy of the group within which this Company operates to enter into forward foreign exchange contracts to cover specific foreign currency payments for the purchase of overseas sourced products. Group policy allows for these exposures to be hedged for up to three years ahead.

Notes (continued)

19 Financial Instruments (continued)

At the balance sheet date, details of the notional value outstanding US dollar forward foreign exchange contracts that the Company has committed to are as follows:

	2019 £'000	2018 £'000
Less than 6 months	125,369	32,853
6 to 12 months	63,085	35,306
12 to 18 months	50,019	38,642
Greater than 18 months	32,938	7,085
	<u>271,411</u>	<u>113,886</u>

Forward contracts outstanding at the period end are contracted at US dollar exchange rates ranging between 1.29 and 1.47.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2019 £000	2018 £000	2019 £000	2018 £000
Euro	272	292	10,124	6,981
US dollar	17,985	13,393	16,228	10,096

Foreign currency sensitivity analysis

The following table details the Company's hypothetical sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies. The sensitivity rate of 10% represents the directors assessment of a reasonably possible change. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit before tax.

	Euro Currency Impact		US Dollar Currency Impact	
	2019 £000	2018 £000	2019 £000	2018 £000
Income statement				
Sterling strengthens by 10%	(947)	(591)	1,032	543
Sterling weakens by 10%	239	765	(98)	(69)

Notes (continued)

19 Financial Instruments (continued)

Categories of financial instruments

	2019 £000	2018 £000
Financial assets		
Financial assets held for trading		
Derivatives	(1,557)	(6,018)
Loans and receivables		
Cash and cash equivalents	-	27,820
Trade debtors	576,414	590,255
	<u>576,414</u>	<u>590,255</u>
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	(78,979)	(86,367)
	<u>(78,979)</u>	<u>(86,367)</u>
Credit risk management		
Bank overdraft	(37,541)	-
	<u>(37,541)</u>	<u>-</u>

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. Investments of cash surpluses, borrowings and derivative financial instruments are made through banks which are approved by the board.

All customers who wish to trade on credit terms are subject to credit verification procedures, supplied by independent rating agencies. Customer debtor balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts. The concentration of credit risk is limited due to the customer base being large and unrelated.

Interest rate sensitivity analysis

If interest rates had increased by 0.5% and all other variables were held constant, the Group's profit before tax for the 52 weeks ended 2 March 2019 would have decreased by £2.5m (2018: £2.0m).

Interest rate risk management

The Group is exposed to interest rate risk, as entities in the Group borrow funds at floating interest rates. Where appropriate, exposure to interest rate fluctuations on indebtedness is managed by using derivatives such as interest rate swaps.

Notes (continued)

19 Financial Instruments (continued)

Credit quality analysis

The following table sets out information about the overdue status of loans and advances to customers in Stages 1, 2 and 3.

	Stage 1 £000	Stage 2 £000	Stage 3 £000	2019 Total £000	2018 Total £000
Current - not past due	487,164	69,618	14,509	571,291	543,769
0 - 28 days - past due	-	35,830	1,970	37,800	39,356
29 - 56 days - past due	-	19,275	2,191	21,466	20,460
57 - 84 days - past due	-	1,600	13,747	15,347	14,983
85 - 112 days - past due	-	-	10,757	10,757	10,532
Over 112 days - past due	-	-	16,547	16,547	9,619
Gross trade receivables	487,164	126,323	59,721	673,208	638,719
Allowance for doubtful debts	(15,537)	(41,681)	(39,576)	(96,794)	(48,465)
Net trade receivables	471,627	84,642	20,145	576,414	590,255

Current debtors may be included in Stage 2 if their behavioural risk score indicates a significant increase in credit risk. Debtors which are in default or on an agreed interest free rate are included in Stage 3.

Incorporation of forward looking information

The economic scenarios used as at 2 March 2019 included the following key indicators for the UK for the years ending 2019 to 2023:

		2019	2020	2021	2022	2023
Unemployment rates	Base	4.1	4.1	4.2	4.1	4.1
	Upside	4.1	4.1	4.1	4.1	4.0
	Downside	4.1	4.1	4.3	4.3	4.3
Interest rates	Base	0.4	0.8	0.9	1.3	1.7
	Upside	0.4	0.8	0.8	1.0	1.3
	Downside	0.4	0.8	1.6	1.9	2.2
GDP growth	Base	1.3	1.3	1.5	1.7	1.7
	Upside	1.4	1.5	1.9	2.1	2.1
	Downside	1.4	0.9	0.9	1.2	1.3
House prices	Base	2.5	2.6	2.5	3.1	3.2
	Upside	3.2	3.6	3.5	4.4	4.6
	Downside	2.2	2.2	2.1	2.4	2.4

Notes (continued)

19 Financial Instruments (continued)

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on historical data over the past 10 to 15 years.

Loans and advances to customers at amortised cost

	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Balance as at 3 March 2018	446,598	126,864	65,257	638,719
Transfer Stage 1	-	(6,822)	18,282	11,460
Transfer Stage 2	6,822	-	10,075	16,897
Transfer Stage 3	(18,282)	(10,075)	-	(28,357)
Net remeasurement of loss allowance	43,986	41,615	16,354	101,955
New financial assets originated	33,418	25,146	8,198	66,762
Financial assets that have been re-recognised	(12,311)	(12,997)	(27,893)	(53,201)
Write-offs	(13,067)	(37,408)	(30,552)	(81,027)
Balance as at 2 March 2019	487,164	126,323	59,721	673,208

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining adequate banking and borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	2019 Carrying Amount £000	2019 Contractual Cash flows £000	2019 1 year or less £000	2019 1 to <2 years £000	2019 2 to <5 years £000	2019 5 years and over £000
2019						
Non derivative financial liabilities						
Trade payables	(78,979)	(78,979)	(78,979)	-	-	-
Derivative financial liabilities						
Forward exchange contracts						
Inflow	(1,557)	(1,557)	131	(1,688)	-	-
	(80,536)	(80,536)	(78,848)	(1,688)	-	-
2018						
Non derivative financial liabilities						
Trade payables	(86,377)	(86,377)	(86,377)	-	-	-
Derivative financial liabilities						
Forward exchange contracts						
Inflow	(6,018)	(6,018)	-	(6,018)	-	-
	(92,395)	(92,395)	(86,377)	(6,018)	-	-

Notes (continued)

19 Financial Instruments (continued)

Fair value of financial instruments

Foreign currency forward contracts are measured using observable forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The carrying amounts of financial assets and financial liabilities recorded at the amortised cost in the financial statements approximate to their fair values, with the exception of trade receivables.

As discussed in Note 11, where a customer finds themselves in financial difficulty, we may offer revised payment terms. This maximises long term returns to the business but may not maximise the present value of the receivables. The Company believes that the fair value of interest bearing receivables whether on a payment plan or not, is the same as their carrying value on the balance sheet, as interest rates are charged to reflect market rates.

For non- interest bearing debt, fair value is estimated based on the recent sale prices of similar debt books.

The fair values of each category of the Company's financial instruments are the same as their carrying value in the Company's balance sheet other than as noted below.

Derivative financial instruments are recorded at fair value (IFRS 13: Level 2) as discussed in note 19. A Level 2 valuation uses inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie, as prices) or indirectly (ie, derived from prices).

20 Ultimate parent undertaking and related party disclosures

The directors regard N Brown Group plc, a company incorporated in the United Kingdom and registered in England and Wales, as the ultimate parent company and the ultimate controlling party.

N Brown Group plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Griffin House, 40 Lever Street, Manchester, M60 6ES.

As the Company is a wholly owned subsidiary of N Brown Group PLC, the Company has taken advantage of the exemption contained in FRS 101.8 (K) and has therefore not disclosed transactions with wholly owned subsidiaries which form part of the group.

Notes (continued)

20 Ultimate parent undertaking and related party disclosures (continued)

The subsidiary companies that JD Williams & Company Limited owns are listed below:

Company	Registered Office Address	Proportion held by the Company %
Aldrex Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Ambrose Wilson Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Better Living Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Candid Collections Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Classic Combination Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Comfortably Yours Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Crescent Direct Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Cuss Contractors Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Dale House (Mail Order) Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
E Langfield & Co. Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Fashion World Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Figleaves Global Trading Limited	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Whitfords (Bury) Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Whitfords (Textiles) Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Whitfords (Cosytred) Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
The Bury Boot & Shoe Co (1953) Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
First Financial Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Fulfilment Logistics Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Gray & Osbourn Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Hallco 294 Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Halwins Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Hartingdon House Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Health Direct Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Heather Valley (Woollens) Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Hilton Mailing Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Home Shopping Direct Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
House of Stirling (Direct Mail) Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
J. D. Williams Merchandise Co Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
JDW Finance Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
JDW Pension Trustees Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Langley House Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Mature Wisdom Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Melgold Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Nightingales Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Odhams Leisure Group Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Oxendale & Co. Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Oxendale & Co. Ltd (Eire Reg)	Woodford Business Park, Santry, Dublin 17, Ireland	100%
Postal Traders Credit Agency Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Reliable Collections Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Sander & Kay Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Sartor Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Speciality Home Shopping (US) Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
The Value Catalogue Limited	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
Speciality Home Shopping (US Marketing) LLC	1209 Orange Street, Wilmington, Delaware 19801 USA	100%
Trading By Post Ltd	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%
T-Bra Limited	Griffin House, 40 Lever Street, Manchester, M60 6ES, UK	100%

Notes (continued)

21 Provisions

	Customer Redress £000	Store Closure £000
Balance as at 4 March 2018	42,817	6,436
Provisions made in the period	45,007	16,254
Provisions used in the period	(70,421)	(15,242)
Provisions reversed in the period	-	-
Balance as at 2 March 2019	17,403	7,448
	2019	2018
	£000	£000
Non-current	-	5,404
Current	24,851	43,849
Balance as at 2 March 2019	24,851	49,253

Store closures

At the end of H1 FY19 the decision was made to close all stores and these were subsequently closed in August 2018. The costs have been treated as an exceptional item and detailed separately in the income statement as per note 6. The provision is made in respect of onerous lease obligations and other store related closure costs. The majority of these costs have been settled before the year end other than the onerous lease provision which will run to the earlier of the break clause or lease expiry for all stores. The provision is net of an estimate of potential sub-letting income.

Customer Redress

The provision relates to the Company's liabilities in respect of costs expected to be incurred in respect of payments for historic financial services customer redress, which represents the best estimate of the known regulatory obligations, taking into account factors including risk and uncertainty.

As at 2 March 2019 the Company's holds a provision of £17.4m (2018 £42.8m) in respect of the anticipated costs of historic financial services customer redress. Of this amount £2.6m relates to certain insurance products where management have identified flaws in the product design; the remaining £14.8m relates to historical customer redress. These amounts include a provision of £0.1m (2018 £1.4m) in relation to administration expenses.

The Plevin court ruling was made in November 2017, which meant that if more than 50% of a consumer's PPI payments were paid as commission, they could claim back payments plus interest. This combined with an increase in marketing activity by the FCA, to raise awareness of the August 2019 PPI deadline, appears to have had the effect of increasing the volume of claims across the industry. In the period to 2 March 2019, a charge of £45.0m has been recognised to reflect the increased cost incurred in the period and an updated estimate following an increase in the volume of claims experienced and the latest estimate of the expected uphold rate and average redress per claim.

This estimate remains subject to significant uncertainty, in particular the level of customer claims that may be received in the period to August 2019. It is possible the eventual outcome may differ from the current estimate.

Notes (continued)

21 Provisions (continued)

The provision is calculated using a number of key assumptions which continue to involve significant management judgement:

- Customer claims volumes: claims received but not yet processed plus an estimate of future claims by customers
- Upheld rate: the proportion of claims received which the Group settles
- Average claim redress: the expected average payment to customers for upheld claims.

These assumptions remain subjective, mainly due to the uncertainty associated with future claims levels, which include complaints driven by claims management company activity and the FCA advertising campaign. The principal sensitivities in the customer redress calculation are: volumes of policies affected; claim rate; uphold rate; and average redress amount.

	2019 £000	2018 £000
+/- 10% in claim volumes	+/-130	+/-990
+/- 10% in uphold rate	+/-110	+/-440
+/- 10% in average redress	+/-130	+/-990

22 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with a maturity of three months or less. Included in the bank overdraft amount is £0.9m (2018: £nil) of restricted cash which is held in respect of the Company's customer redress programmes.

23 Critical accounting estimates and judgements

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations stated below, that have had a significant effect on the amounts recorded within the financial statements.

The key assumptions concerning the future and other sources of estimation uncertainty at the period end date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Trade receivables

An appropriate allowance for estimated irrecoverable trade receivables is derived from estimates and underlying assumptions such as the Probability of Default and the Loss Given Default taking into consideration forward looking macroeconomic assumptions.

Changes in the assumptions applied such as the value and frequency of future debt sales in calculating the Loss Given Default, and the estimation of customer repayments and Probability of Default rates, could have a significant impact on the carrying value of trade receivables. As a result, this is continually assessed for relevance and adjusted appropriately. Revisions to estimates are recognised prospectively. Further information is given in note 11.

Taxation

The Company has ongoing discussions with HMRC in respect of a number of Corporation tax and VAT positions. The calculation of the Company's potential liabilities or assets in respect of these involves a degree of estimation and judgement in respect of items whose tax treatment cannot be finally determined until resolution has been reached with HMRC or, as appropriate, through legal processes. Issues can, and often do, take a number of years to resolve.

In respect of Corporation tax, as at 2 March 2019 the Company has provided a total of £16.8m (2018: £3.8m) for potential Corporation tax future charges based upon the Company's best estimation and judgement.

The inherent uncertainty regarding the outcome of these positions means the eventual realisation could differ from the

Notes (continued)

23 Critical accounting estimates and judgements (continued)

Taxation (continued)

accounting estimates and therefore impact the Company's future results and cash flows. Based on the amounts reflected in the balance sheet as at 2 March 2019, the Directors estimate that the unfavourable settlement of these cases could result in a cash tax payment of up to £16.8m with no further charge to the income statement. The favourable settlement of these cases would result in a repayment of tax of up to £19.8m and an associated credit to the income statement of £30.1m.

In respect of VAT, and excluding the issue mentioned below, the Company has provided a total of £6.6m (2018: £3.1m) in respect of future payments which the Directors have a reasonable expectation of making in settlement of these historical positions.

In addition, and separate to the above positions, the Company has been in a long running dispute with HMRC with respect to the VAT treatment of certain marketing costs and the allocation of those costs between our retail and credit businesses. The case was heard in a first tier VAT tribunal in May 2018 with a draft decision being issued in November 2018 which was published in March 2019.

The case has two key aspects, being attribution which is in respect of whether marketing costs can be directly attributed to product revenue or financial services income and secondly apportionment which is surrounding the allocation of marketing costs between the retail and financial services business. With respect to attribution, the judge agreed with HMRC, finding that when the Company is marketing goods it is also in effect marketing financial services, even if there is no reference to this in its marketing materials. The judge however ruled against HMRC's standard method of apportionment of costs (which is based on the proportion of total UK revenue which is generated from product sales).

As at 3 March 2018, the Company had an asset of £43.8m which had arisen as a result of cash payments made under protective assessments raised by HMRC.

Whilst discussions are on-going with HMRC and a final outcome has not yet been achieved, following the final ruling management have reviewed the likelihood of recovering the carrying value of the asset held as at March 2018 and as a result of this review have written down the value by £37.9m. As the Company has not yet been assessed by HMRC for the period June 2017 to March 2019 this has also resulted in an additional charge of £11.5m. This results in a total exceptional charge of £49.4m and a VAT creditor at year end of £6.6m (2018: £43.8m asset).

As the judge did not fully conclude on the apportionment issue, inherent uncertainty regarding the outcome of this position remains which means the eventual realisation could differ from the accounting estimates and therefore impact the Company's future results and cash flows. Discussions with HMRC are ongoing and if no agreement is reached, there will be a second tribunal hearing on this issue.

Based upon the details of the ruling and further external advice received by management, the Directors estimate that a more favourable outcome could result in a cash receipt of up to £12.1m and an associated credit to the income statement of £18.7m, whilst an unfavourable outcome which would be based upon HMRC's stated position would result in a further cash outflow of £18.6m and an associated charge to the income statement of £12.0m.

Overall, the Directors estimate that in combination, the unfavourable settlement of the cases set out above could result in a charge to the income statement of up to £12.0m (2018: £53.0m) and a cash payment to HMRC of up to £25.2m (2018: £9.2m).

The favourable settlement of these cases would result in a repayment of tax and associated interest of up to £12.1m (2018: £43.8m) and an associated credit to the income statement of £18.7m (2018: £nil).

Inventory

Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding future selling values and disposal channels, and is consequently a source of estimation uncertainty.

Notes (continued)

23 Critical accounting estimates and judgements (continued)

Regulatory

The regulatory environment in which the Company operates is both complex and changing and the Company continues to review and develop its compliance with the requirements of the FCA. Provisions for customer remediation require significant levels of estimation and judgement. The amounts of provisions recognised depend on a number of different assumptions, such as, the volume of inbound complaints, the uphold rate of complaint volumes and the average redress amount paid. A summary of the impact of a reasonable change in these assumptions is set out in note 21.

Software development costs

Included within intangibles assets are significant software and development project costs in respect of the Company's technological development programme. Costs are capitalised to the extent that future economic benefits are expected to be generated by the project, which requires judgement to be made as to whether the project will be completed successfully, will be technically feasible and whether sufficient revenue and profitability will be generated to recover the costs capitalised. If these criteria are not subsequently met, the asset would be subject to a future impairment charge which would impact the Company's results. This is consequently a source of estimation uncertainty.

Brand intangibles

Included within intangible assets are brand intangibles of £1.9m (2018: £1.9m) which are legally protected or otherwise separable trade names acquired as part of a business combination. As these brand names are assumed to have an indefinite useful life, they are subject to an annual impairment test with the recoverable amount determined by a "value in use" calculation. This calculation requires a series of assumptions and estimates to be made which if not met could result in a future impairment charge. This is consequentially a source of estimation uncertainty. A summary of these assumptions together with the impact of a reasonable change in these assumptions is set out in note 7.

Notes (continued)

24 Equity settled share based payments

Details of the share options/awards outstanding during the period are as follows:

	Option price in pence	Exercise period	Number of shares 2019	Number of shares 2018
Option scheme				
2010 Savings related scheme	189 – 420	May 2010 – February 2022	1,048,234	1,089,453
2010 Executive scheme	238 – 444	May 2010 – August 2024	89,049	89,049
Unapproved executive scheme	238 – 444	May 2010 – August 2024	60,450	60,450
Long-term incentive scheme awards (LTIPs)				
July 2013	–	July 2016 – December 2016	–	–
August 2013	–	August 2016 – February 2017	–	–
August 2014	–	August 2017 – July 2024	–	–
June 2015	–	June 2018 – June 2025	–	892,747
August 2016	–	August 2019 – August 2026	2,437,024	2,516,884
August 2017	–	August 2020 – August 2027	1,273,015	1,351,055
August 2018	–	August 2021 – August 2028	2,677,133	–
Deferred annual bonus scheme awards (DABs)				
May 2014	–	May 2016 – November 2016	–	–
May 2015	–	May 2017 – November 2017	–	–
May 2016	–	May 2018 – November 2018	–	38,304
September 2017	–	September 2019 – March 2020	85,269	94,955
August 2018	–	September 2020 – March 2021	245,219	–