Radley Retail Limited

Registered number: 02572572

Annual Report

For the 52 week period ended 26 April 2020

RADLEY RETAIL LIMITED

COMPANY INFORMATION

Directors	N Cooper J Stead N Vance
Registered number	02572572
Registered office	McBeath House 3rd Floor 310 Goswell Road London EC1V 7LW
Independent auditors	Ernst & Young LLP 1 Cambridge Business Park Cowley Road Cambridge CB4 0WZ
Bankers	Barclays Bank plc, 1 Churchill Place London, E14 5HP
	Wells Fargo Bank N.A. 420 Montgomery Street San Francisco CA 94009
Solicitors	Wilkie Farr & Gallagher (UK) LLP CityPoint, 1 Ropemaker Street, London EC2Y 9AW

RADLEY RETAIL LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 26 APRIL 2020

Introduction

The directors present their strategic report and the audited financial statements for the 52 week period ended 26 April 2020.

Principal activities and review of the business

The principal activities of the company during the year was the retailing of own branded handbags, small leather goods and accessories through a combination of its own retail stores and a number of staffed and unstaffed concessions in the U.K.

The FY20 year was one whose results were dominated by the Covid-19 lockdown which resulted in the closure of all our stores and concessions from 20th March 2020. Sales for the 52 weeks were down 11% on the prior year, with an estimated £3.6m of sales lost during March and April 2020 due to a combination of lower footfall prior to closure, plus the closure period from 20th March 2020. Many of Radley's store customers turned to our website during the closure period which mitigated the losses to a degree, but these sales are reported in the parent company Radley+Co Limited. For the ten months to the end of February 2020, which considers the period before the Covid-19 impact was seen, sales in our own operated stores and concessions were ahead 7% on the prior year. Sales were down in our high street stores, to which markets footfall has been slowing for some time, but sales were ahead 4% like-for-like in our outlet stores as customers continue to find these destinations more attractive. Our concession business in John Lewis stores under performed during the year, with sales down 24% for the ten months versus the prior year.

Once the pandemic took hold, a full strategic review of the full price/high street store estate was carried out, considering each site's profitability, the fixed nature of rents and the rates bill, the footfall trend in the high street and mall locations, and the likely impact of lengthy closure periods during lockdowns. In most cases the fairly straightforward commercial decision was made to close stores at lease events if they occurred in 2020, or to negotiate a surrender with landlords. At the time of writing just two full price stores are trading, being Glasgow and Covent Garden, with 14 stores closed during 2020. There is some evidence already of some of these customers shopping in other Radley points of distribution or online. Management are of the opinion that more locations will become viable again in the future, with variable rent deals more likely to be available and with footfall returning post Covid-19.

A new high street store was opened in Glasgow in March 2020 which was a relocation of an existing store into a higher footfall location, but only traded for one day before lockdown. We have high hopes for this store which is fitted in our new concept, and with a turnover-only rent agreement in place.

The company's outlet portfolio, which provides an opportunity for the company to clear excess stocks, as well as to offer more value-oriented lines to the consumer, is a valuable route to market and the channel is managed in a very positive way. It consisted of 17 stores at year end. At least one more outlet location is planned to be opened during FY21.

Principal activities and review of the business (continued)

The EBITDA of the company and other group companies, representing the total trading performance of the Radley group should always be viewed together. These are shown below, including consolidation adjustments:

	2020 £'000	2019 £'000
Underlying EBITDA (before non-recurring items)		
Radley Retail Limited	459	1,634
Radley + Co Limited	938	6,720
Radley Japan KK	(648)	(1,294)
Radley China Limited	(134)	-
Radley USA LLC	(539)	-
Holding companies and consolidation adjustments	36	(164)
Group total	112	6,896

	2020 £'000	2019 £'000
Statutory measures		
Turnover	34,841	38,960
Operating (loss)/profit before non-recurring items	(237)	914

The reduction in operating profit year on year in the company reflects the Covid-19 lockdown period, a reduction in concession performance, market-driven lower sales in bricks and mortar stores through the year and non-recurring items of £1.4m relating to the closure of unprofitable stores (actual costs and provisions for planned closures). As referred to in the CEO report below, our store portfolio has undergone a full review to identify sites where it is prudent or necessary to close at this time, and those which it is important to retain for the success of the brand in the future. Management have negotiated improved lease terms across the whole estate, and closed non-strategic sites where necessary.

Chief Executive Officer's Statement

Justin Stead, Radley group CEO, said:

The full year results for the group, with sales at £75.3m, down 19% year on year, and underlying EBITDA of £0.1m compared with £6.9m in the prior year, were dominated by the impact of Covid-19 on the business from February 2020 onwards. All bricks and mortar stores in the U.K. were closed from 20th March 2020, and the majority of our wholesale customers globally cancelled all orders from March 2020. Our website continued to fulfil customer orders and performed very strongly with store customers moving their buying online during lockdown, with web sales up 27% in April 2020, and ahead 53% in Q1 of FY21. Comparisons with the BRC-KPMG Retail Sales Monitor data for our categories revealed that we traded well ahead of our peers throughout the lockdown period.

The business moved very swiftly to protect itself, working with all stakeholders to preserve cash and protect critical relationships at the same time. We operated collaboratively with our suppliers to match inbound stock with demand where possible. This was a two-way process, with our Indian suppliers in particular also suffering significant disruption to their production schedules during lockdown periods locally. Stock levels are being successfully managed and during FY21 are being brought back to normal levels through Q3 and Q4. Our product is not as seasonal as other segments of the fashion industry which has worked in our favour as we manage our range through a disrupted period of both supply and demand. The group holds business interruption insurance, which has provided some cover for the losses resulting from Covid-19. At the time of writing the group has received an interim payment of £2m. In the U.K. the group took advantage of business rates holidays for all its stores, local authority grants offered to smaller retail premises which had to close, and utilised the job retention scheme to place colleagues on furlough whose roles were not required during the lockdown.

The longer term strategy of Radley is to take advantage of consumer shifts to digital channels, and the acceleration of these trends during the pandemic has provided the group with the perfect opportunity to restructure its bricks and mortar portfolio more quickly, as well as to further expand its reach into digital channels. During 2020 our entire store portfolio in the U.K. has been reviewed and every site assessed for short and medium term viability. This has resulted in the non-renewal or early surrender of 12 store leases on the high street or in mall locations, leaving 2 strategic full-price stores in Covent Garden and Glasgow, on turnover-only rental deals. We believe that more locations will become viable again in the U.K. as the retail property market moves towards turnover-only rents in many more locations in the near future, and we are actively looking for such deals that would prove successful for our brand. We have also renegotiated every lease in our factory outlet portfolio and have in most cases agreed turnover-only deals for a 12-month period or reduced base rents to mitigate against further Covid-19 disruption to footfall or enforced closure. This channel remains a key route to market for Radley with a combination of lower entry price points and a profitable way to clear excess stocks, and we continue to open new locations on short-term or pop-up deals where the opportunities arise.

We are focusing significant efforts into our digital expansion across key markets. We are implementing a major upgrade of our Radley website which will launch in Spring 2021, giving us the opportunities to showcase the brand in new and contemporary ways whilst significantly enhancing the customer experience. This will be available to consumers on radley.co.uk for our U.K. customers, and radleylondon.com for our American and worldwide customers. In the USA we have also launched on Amazon.com, and are working towards launches with other significant digital partners in the U.K., Europe and Asia. Importantly we will trade Amazon.com as a 3rd party seller, leaving us in full control of range and pricing. In China we are now trading on 4 digital marketplace platforms as a domestic vendor rather than an overseas seller, and this resulted in 64% growth over the prior year in the first half of FY21.

Chief executive officer's statement (continued)

To enhance our strategic focus on the USA as a key growth driver for the group, we opened a sales and marketing office in Dallas, Texas in the year, which facilitates a much closer working relationship with our North American customers, as well as more proactive new business development. We are lucky enough to have retained Tim Adams, who has held senior roles at Macy's, Inc. in an advisory capacity to help grow the business stateside.

On review of our business for the first 9 months of the year to January 2020, which were unaffected by Covid-19, total U.K. sales were up on the prior year by 1.8%, with the mix of sales moving towards the off price channel as consumers continued to look for a bargain in an uncertain pre-Brexit environment. Our China marketplace sales were ahead 10% on the prior year, although this period mostly preceded the move onto the domestic platforms which has since propelled sales ahead (up by 64% in H1 of FY21). In the USA, sales of £6.6m were down on the prior year due to QVC buying excess stocks in FY19, which they were selling through for much of FY20. Retail sales from their website were ahead by 46% over the same period, reflecting continued growth in demand for the Radley brand in the USA.

We continue to review our category offer, and believe that a well curated, quality footwear range provides significant potential for growth both amongst loyal Radley customers as well as those new to the brand. We successfully launched a small range just in time for Christmas 2019 on our website and with House of Fraser in the U.K. Following a strong positive reaction, we continue to grow this range season-on-season. We have also developed improved product in our gifting and luggage ranges and this is bearing fruit.

Group EBITDA before one-off items and FRS 102 fair value adjustments fell from £6.9m to £0.1m year on year. After annual charges for the amortisation of goodwill and intangible assets, accrued interest on (shareholder owned) group debt instruments and a one off goodwill impairment charge, none of which impact cash flows, the group made a net loss after taxation of £23.8m. compared with a loss of £6.2m in the prior year.

In light of the continuing Covid-19 pandemic, the group is cautious about the outlook for the next few months, with England entering a further period of enforced store closures from January 2021, as well as similar restrictions in other U.K. nations and elsewhere. The management team have taken swift action to protect the business where possible operationally and financially, and to maximise the digital and online opportunities that such a period presents.

The Board is nonetheless confident about the medium and longer term success of the Radley London brand, with exciting growth prospects domestically in the U.K and particularly internationally. The owners of the business continue to support the business together with our banks, and during FY21 the group has extended its asset-based lending facility with Wells Fargo including the renegotiation of covenants during Covid-19 impacted trading periods.

In addition to growth in digital channels, the business is currently pursuing growth opportunities via selective new store openings, with new locations opening in Wembley, U.K. and the Netherlands pre-Christmas 2020, both in high footfall, turnover-only rent locations with strong potential for Radley. The group will continue to open such sites strategically, especially to expand our direct to consumer footprint in Northern Europe. These owned and operated stores will allow us to showcase our expanding product assortment in an exciting but controlled way.

Chief executive officer's statement (continued)

Our International growth aspirations continue to be significant and pivotal to the future success of the group, particularly in the USA and China. Our Dallas team is accelerating the development of new business in North America through digital, wholesale and direct-to-consumer bricks and mortar channels. We are investing significant marketing funds in acquiring and communicating with our target customer in the USA. We are focusing efforts too in China.

Our ambition to grow our digital channels globally is huge and is a key strategic driver. A new global website will be in place in Spring 2021, which will help to cement our position as a digital-first brand. We are in the process of launching and planning a number of significant partnerships with key digital marketplaces around the world. We have further strengthened the senior management team; Jackie Hay joined the group as Chief Product Officer last year with extensive experience most recently at Michael Kors and previously at well-known U.K. retailers, and she has been instrumental already in designing beautiful new product and product extensions such as footwear. To drive our digital and direct-to-consumer ambitions we have also welcomed Neil Borer to the team this year in the new role of Chief Customer Officer; he brings a wealth of experience from many premium brands and retail businesses and has immediately taken charge of our crucial website replatform delivery and is forging new digital partnerships to propel the Radley brand forward.

Principal risks and uncertainties

The key risk present in the retail climate is the Covid-19 pandemic, which will reduce sales and increase uncertainty for the consumer until more effective treatments are in common use and vaccination programmes start to yield results. In addition consumer confidence in the U.K. continues to be affected by Brexit until the impacts of the withdrawal become clearer.

The withdrawal of the United Kingdom from the European Union

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which ended on 31 December 2020. The Trade and Co-operation Agreement between the U.K. and the EU was published on the 24th December 2020, and it has only since then become clear that tariffs will apply on the Group's goods entering the EU from the U.K. based on the new Rules of Origin. This will put pressure on margins for the group's B2C web sales in the EU and shipments of goods to its subsidiary Radley Netherlands B.V., although as these movements comprise less than 2% of turnover this does not have a material impact on profits. Our wholesale customers in the EU have been advised to act as importer of record into the EU such that Radley does not have to settle taxes and duties on these shipments. It is of note that 99% of our goods are sourced from outside the EU and are therefore unaffected by Brexit in these ways.

Coronavirus and the Covid-19 pandemic

At the time of writing much of Europe and elsewhere globally is still suffering high levels of Covid-19 infections, and therefore the ultimate impact of the Coronavirus pandemic is not yet clear. The directors have implemented a wide range of measures since March 2020 to protect the group. They have evaluated a range of potential outcomes over the following 12 months and beyond and consider it probable that there will be an ongoing recession and reduction in consumer spending which will continue to affect the trade of the group. The directors' principal objectives are to protect the health and safety of colleagues in the performance of their duties, to ensure the continuity of operations, and to fully cooperate with public authorities as required. Strategic investment has been and will be directed primarily at digital channels which seem certain to provide the best opportunities for the brand over the coming periods of time as consumers shop online where they can.

Financial risk management
The company's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of currency exposure and the related finance costs.

Exchange rate risk
The company has limited exposure to exchange rate risk as retail stores and concessions are all in the United Kingdom.

Credit risk
The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk
The company actively maintains a mixture of long term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions. On 22nd October 2020 the group signed an extension to its revolving credit facility with Wells Fargo Capital Finance, which included an amendment to covenants designed to protect liquidity through a range of scenarios arising due to the impact of Covid-19 on the business.

Directors' statement of compliance with duty to promote the success of the Company

The directors of Radley Retail Limited consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1) (a-e) of the Act) in the decisions taken in the period to 26th April 2020.

Likely consequences of any decisions in the long term

The Board delegates day-to-day management and decision making to its senior management team, but maintains oversight of the company's performance, and reserves to itself specific matters for approval, including significant new strategic initiatives and major decisions relating to capital raising and allocation. Through regular updates from senior management and measurement against long-term objectives, the Board monitors that management is acting in accordance with its agreed strategy and the long-term interest of key stakeholders.

The interest of the company's employees

Our colleagues are fundamental to the delivery of our plan. The company and group are committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, investors, communities and society. People are at the heart of our brand, and for our business to succeed we need to manage our people's performance and develop and bring through talent. We conduct and act on regular employee surveys and engage regularly with our colleagues at all levels of the business, through our Intranet, through blogs and vlogs, and through company-wide briefings on performance and strategy either in person or streamed. This helps to ensure that we achieve our goals in the right way and for the whole Radley community to feel connected to one another and to hold trust in one another. This has proved especially important and valuable during the Covid-19 lockdown period.

The need to foster the company's business relationships

Relationships with our suppliers are of special importance and our design, product development and merchandising teams work very closely and collaboratively with our merchandise suppliers, many of whom consider Radley an important part of their business. A priority for us is also to approach our relationships with our customers in a strategic manner, whilst also protecting and advancing the commercial interests of the company.

The desirability of the company maintaining a reputation for high standards of business conduct

The reputation of the company is fundamental to its long-term success and the directors are committed to supporting this through adhering to laws and regulations, conducting business in a socially and environmentally responsible way, and treating all stakeholders with honesty and integrity. This aligns with the Environmental, Social and Governance principles of the group. The group's majority investor also prioritises ESG across their portfolio and the group benefits from their ongoing support in this area.

The impact of the company's operations on the community and the environment

The company is conscious of both its social and environmental impact. The directors seek opportunities to limit the environmental footprint of the operations wherever this is practically and commercially feasible, and the company's carbon footprint already compares very favourably to benchmarks of businesses of our size. In addition the company has embraced far more sustainable packaging and raw materials in its products during 2019 and 2020.

Directors' statement of compliance with duty to promote the success of the Company (continued)

Need to act fairly between members of the company

As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them equally so they can benefit from the successful delivery of our plan. Key financial and strategic decisions are made with our major shareholders in mind and with their support. Policies are in place to guide behaviours in the areas of bribery and corruption, equality and diversity, bullying and harassment, and whistleblowing, and the directors believe that these policies are robust and culturally embedded.

This report was approved by the board and signed on its behalf by:

Justin Stead

J Stead
Director

Date: 29 January 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 26 APRIL 2020

The directors present their report and the audited financial statements for the 52 week year ended 26 April 2020.

The registered number of Radley Retail Limited is 02572572.

Results and dividends

The loss for the year, after taxation, amounted to £1,625,804 (2019: profit of £549,475).

The directors paid an interim dividend in the period of £23,100,000 (2019: £nil), equivalent to £2,310 per share (2019: £nil). The directors do not recommend the payment of a final dividend for the period (2019: £nil).

Directors

The directors who served during the year and up to the date of this report were:

N Cooper (appointed 10 September 2019)
J Stead
N Vance
J Worden (resigned 31 May 2019)

Going concern

The company's business activities together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit and liquidity risk are described in the Strategic Report. The company is part of a wider group with access to bank facilities. Potential sources of uncertainty noted by the directors include the withdrawal of the United Kingdom from the European Union and Coronavirus and the Covid-19 pandemic.

In assessing going concern and in view of the spread of Covid-19, management have analysed the Group's financial position and run several scenarios in a detailed monthly financial model for the going concern period up to 30 April 2022 including scenarios with extensive lockdowns. This resulted in three scenarios: i) base case/reasonable forecast, ii) downside, and iii) severe downside.

The group has bank facilities available from its asset-backed lending facility with Wells Fargo through to its expiry at the end of March 2022 (see note 17). The existing shareholders have also committed to provide additional funding of up to £3m to the Group should that be required during the going concern period. The Group continues to manage its working capital position through long-term relationships and long-running contracts with a number of customers and suppliers across different geographic areas and routes to market.

The directors have considered the Group's ability to comply with the covenants set out in the Wells Fargo facility and have concluded that in all of the three scenarios noted above that they have a reasonable expectation that the Group will be able to operate within these covenants.

All of the trading outcomes above are supported primarily by liquidity available from the group's Wells Fargo facility which has been recently extended to March 2022, and covenants agreed with the bank to accommodate this range of outcomes.

The severe downside scenario is based on a set of sales assumptions which management believe, based on experience to date through the 2020 pandemic period, is unlikely to materialise because it represents a reduction compared to forecasts, the likelihood of which the Directors consider to be remote. The Group's shareholders and loan note holders remain supportive and will provide some additional loan funding under the more pessimistic scenarios if required in addition to the existing commitments above, such that covenants would not be breached.

The Directors have considered the ability of the Group to refinance its facility with Wells Fargo upon its expiry in March 2022 and consider that there is a reasonable expectation that this will be possible based on:

- the recent discussions with Wells Fargo which resulted in the extension of the facility to March 2022;
- the period of time available to the Directors to put a new facility in place if required;
- ongoing positive engagement with Wells Fargo which will continue as the facility reaches its expiry date;
- the availability to the Group of other funding providers and options should these be required;
- the ongoing support of the Group's shareholder and loan note holders as demonstrated by their recent commitment and ability to provide additional loan funding to the Group should that be required.

Having considered the items outlined above, the Directors are confident that the Group has adequate resources and the ability to implement the mitigations, if required, to enable it to continue in operational existence for the going concern period from the date of signing these accounts and therefore these accounts have been prepared on a going concern basis.

Employee involvement

The company is committed to involve all employees in the performance and development of the company. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day to day operations of the company.

Disabled employees

It is the company's policy to give full consideration to suitable applications for employment by disabled persons.

Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the company who become disabled to continue.

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 to 8. These matters relate to the business review, future developments and principal risks and uncertainties.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

The company is continuing to monitor developments of the Covid-19 virus and the associated near term uncertainty on the economic outlook of the U.K. retail market, and at the time of writing its stores in England and parts of Scotland have been required to close for a temporary period. Store staff have been placed on furlough as required, supported by the U.K. Government's job retention scheme. The group's website, reported in another group company, continues to serve the company's customers in part mitigation of these closures. The Radley group holds business interruption insurance, which has provided some cover for Covid-19 losses. At the time of writing the group has received an interim payment of £2m. Please refer to the strategic report for the directors' view on Covid-19.

The group has taken the decision to close 14 loss making full price stores during 2020 and has provided for the surrender costs of these stores in these financial statements.

The group has renewed and extended its asset backed lending facility with Wells Fargo Capital Finance on 22 October 2020. The amended facility, extended to 31 March 2022, also provides additional liquidity and revised covenants to support the business through a more uncertain period ahead.

Independent Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

Justin Stead

J Stead
Director

Date: 29 January 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 26 APRIL 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADLEY RETAIL LIMITED FOR THE YEAR ENDED 26 APRIL 2020

Opinion

We have audited the financial statements of Radley Retail Limited for the period ended 26 April 2020 which comprise of the Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity and the related notes 1 to 26, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 26 April 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 12, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADLEY RETAIL LIMITED FOR THE YEAR ENDED 26 APRIL 2020 (CONTINUED)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADLEY RETAIL LIMITED FOR THE YEAR ENDED 26 APRIL 2020 (CONTINUED)

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

Date: 29 January 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 26 APRIL 2020

	Note	2020 £	2019 £
Turnover	3	34,840,839	38,960,027
Cost of sales		(15,864,170)	(16,472,548)
Gross profit		18,976,669	22,487,479
Distribution costs		(581,864)	(534,604)
Administrative expenses		(19,160,976)	(21,038,453)
Other operating income	4	528,915	-
Non-recurring items	5	(1,397,289)	(524,255)
Operating (loss)/profit	6	(1,634,545)	390,167
Net gain on financial assets at fair value		-	177,473
Interest receivable and similar income	10	313,176	63,905
(Loss)/profit before tax		(1,321,369)	631,545
Tax on (loss)/profit	11	(304,435)	(82,070)
(Loss)/profit for the financial year		(1,625,804)	549,475
Other comprehensive income		-	-
Total comprehensive (loss)/income for the period		(1,625,804)	549,475

The notes on pages 20 to 36 form part of these financial statements.

RADLEY RETAIL LIMITED
REGISTERED NUMBER: 02572572

STATEMENT OF FINANCIAL POSITION
AS AT 26 APRIL 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	13		1,794,276		2,132,733
			1,794,276		2,132,733
Current assets					
Stocks	14	6,228,364		3,701,555	
Debtors: amounts falling due after more than one year	15	-		30,025,129	
Debtors: amounts falling due within one year	15	689,324		2,822,622	
Cash at bank and in hand		911,264		1,347,036	
		7,828,952		37,896,342	
Creditors: amounts falling due within one year	16	(10,486,494)		(17,005,901)	
Net current (liabilities)/assets			(2,657,542)		20,890,441
Total assets less current liabilities			(863,266)		23,023,174
Creditors: amounts falling due after more than one year	17		(105,797)		-
Provisions for liabilities					
Other provisions	19	(1,429,308)		(695,741)	
			(1,429,308)		(695,741)
Net (liabilities)/assets			(2,398,371)		22,327,433
Capital and reserves					
Called up share capital	20		10,000		10,000
Profit and loss account	21		(2,408,371)		22,317,433
Total shareholders' (deficit)/funds			(2,398,371)		22,327,433

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Justin Stead

J Stead
Director

Date: 29 January 2021

The notes on pages 20 to 36 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 26 APRIL 2020

	Called up share capital	Profit and loss account	Total shareholders' (deficit)/funds
	£	£	£
At 29 April 2018	10,000	21,767,958	21,777,958
Comprehensive income for the period			
Profit for the period	-	549,475	549,475
Total comprehensive income for the period	-	549,475	549,475
At 28 April 2019	10,000	22,317,433	22,327,433
Comprehensive loss for the period			
Loss for the year	-	(1,625,804)	(1,625,804)
Total comprehensive loss for the period	-	(1,625,804)	(1,625,804)
Dividends paid	-	(23,100,000)	(23,100,000)
At 26 April 2020	10,000	(2,408,371)	(2,398,371)

The notes on pages 20 to 36 form part of these financial statements.

1. General information

Radley Retail Limited is a private company limited by shares and is registered and incorporated in England and Wales. The address of the company's registered office is McBeath House, 3rd Floor, 310 Goswell Road, London, EC1V 7LW.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the company operates and are rounded to the nearest pound.

The financial statements of the company for the period to 26 April 2020 were approved for issue by the Board of Directors on 29 January 2021. The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows, on the basis that it is a qualifying entity and its ultimate parent company, Laddie Topco Limited, includes the company's cash flow in its own consolidated financial statements;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d), on the basis that it is a qualifying entity and its ultimate parent company, Laddie Topco Limited, includes the company's cash flow in its own consolidated financial statements;
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c), as the information is provided in the consolidated financial statements of Laddie Topco Limited;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statements of Laddie Topco Limited;
- the requirements of Section 33 Related Party Disclosures paragraphs 33.1A and 33.7 as at 26 April 2020 it was a wholly owned subsidiary.

This information is included in the consolidated financial statements of Laddie Topco Limited as at 26 April 2020 and these financial statements may be obtained from McBeath House, 3rd Floor, 310 Goswell Road, London, EC1V 7LW.

2. Accounting policies (continued)

2.3 Going concern

The company's business activities together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit and liquidity risk are described in the Strategic Report. The company is part of a wider group with access to bank facilities. Potential sources of uncertainty noted by the directors include the withdrawal of the United Kingdom from the European Union and Coronavirus and the Covid-19 pandemic.

In assessing going concern and in view of the spread of Covid-19, management have analysed the Group's financial position and run several scenarios in a detailed monthly financial model for the going concern period up to 30 April 2022 including scenarios with extensive lockdowns. This resulted in three scenarios: i) base case/reasonable forecast, ii) downside, and iii) severe downside.

The group has bank facilities available from its asset-backed lending facility with Wells Fargo through to its expiry at the end of March 2022 (see note 17). The existing shareholders have also committed to provide additional funding of up to £3m to the Group should that be required during the going concern period. The Group continues to manage its working capital position through long-term relationships and long-running contracts with a number of customers and suppliers across different geographic areas and routes to market.

The directors have considered the Group's ability to comply with the covenants set out in the Wells Fargo facility and have concluded that in all of the three scenarios noted above that they have a reasonable expectation that the Group will be able to operate within these covenants.

All of the trading outcomes above are supported primarily by liquidity available from the group's Wells Fargo facility which has been recently extended to March 2022, and covenants agreed with the bank to accommodate this range of outcomes.

The severe downside scenario is based on a set of sales assumptions which management believe, based on experience to date through the 2020 pandemic period, is unlikely to materialise because it represents a reduction compared to forecasts, the likelihood of which the Directors consider to be remote. The Group's shareholders and loan note holders remain supportive and will provide some additional loan funding under the more pessimistic scenarios if required in addition to the existing commitments above, such that covenants would not be breached.

The Directors have considered the ability of the Group to refinance its facility with Wells Fargo upon its expiry in March 2022 and consider that there is a reasonable expectation that this will be possible based on:

- the recent discussions with Wells Fargo which resulted in the extension of the facility to March 2022;
- the period of time available to the Directors to put a new facility in place if required;
- ongoing positive engagement with Wells Fargo which will continue as the facility reaches its expiry date;
- the availability to the Group of other funding providers and options should these be required;
- the ongoing support of the Group's shareholder and loan note holders as demonstrated by their recent commitment and ability to provide additional loan funding to the Group should that be required.

2. Accounting policies (continued)

Having considered the items outlined above, the Directors are confident that the Group has adequate resources and the ability to implement the mitigations, if required, to enable it to continue in operational existence for the going concern period from the date of signing these accounts and therefore these accounts have been prepared on a going concern basis.

2.4 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for turnovers and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Judgements

Operating lease commitments

The company has entered into leases for the use of property. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly how the lease shall be accounted for in the financial statements.

The following are the company's key sources of estimation uncertainty:

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Dilapidations provision

The company is required to make provision for dilapidations. This requires management to estimate the expenditure that will be incurred based on contractual requirements, in addition to estimating the timing of these outflows. Management use historical experience of actual expenditure incurred on dilapidations in calculating the provision.

2. Accounting policies (continued)

2.5 Significant accounting policies

Impairment of non-financial assets

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through impairment in profit and loss. An impairment loss recognised for all assets, excluding goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Tangible assets

Tangible assets are stated at cost less depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	–	over the period of the lease
Plant and machinery	–	20% - 33% straight-line
Fixtures and fittings	–	15% straight-line

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Impairment losses are recognised in the income statement as incurred.

An item of tangible fixed assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition

Turnover

Turnover comprises turnover recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

(i) Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on despatch), the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2. Accounting policies (continued)

Financial Instruments

Short term debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Amounts owed to group undertakings which are classified as basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Amounts owed to group undertakings that are payable within one year are not discounted.

(i) Offsetting

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

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Foreign currencies

The company's functional and presentation currency is the sterling (£). Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

2. Accounting policies (continued)

Leasing and hire purchase

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company and hire purchase contracts are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the asset's useful life. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the statement of financial position. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of comprehensive income so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating leases

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Operating lease incentives

Lease incentives, including rent free periods and fit-out contributions, are credited to the income statement on a straight line basis over the remaining lease period.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Finance income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Non-recurring items

The company presents those items which, because of their size, nature or expected infrequency of events giving rise to them, merit separate presentation to allow the users of the financial statements to understand better the company's financial performance in the period. Examples of items that may give rise to disclosure as non-recurring items include:

- Impairments of intangible assets or property, plant and equipment as well as the reversal of such write downs or impairments;
- Restructuring provisions or their reversal including redundancy and termination costs, lease surrender costs or similar contract cancellation costs;
- Bad debt write-offs and provisions or their reversal;
- Company-related costs including refinancing costs and significant costs relating to the start-up, acquisition or disposal of legal entities or discrete business units;
- Profits or losses arising from the disposal of items of property, plant and equipment and intangible assets; and
- Legal costs, litigation settlements and other similar settlements.

2. Accounting policies (continued)

Non-recurring items (continued)

Where these non-recurring items are material in size and nature to the performance of the company in the period, they are disclosed on a separate line in the Statement of Comprehensive Income.

Government grants

Government grants are recognised when it is reasonable to assume that the grants will be received and that all related conditions will be met, usually on the submission of a valid claim.

The company has taken advantage of a number of government grants as shown in Note 4. This has been accounted for as a government grant under the accruals model as permitted by FRS 102. Grants relating to expenditure on wages and salaries are credited to the Statement of Comprehensive Income at the same rate as the wages and salaries to which the grant relates, are paid by the company. Any deferred element of the grant is included in creditors as deferred income.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Turnover

The turnover and operating profit for the year was derived from the company's principal continuing activity.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	34,840,839	38,960,027
	34,840,839	38,960,027

4. Other operating income

	2020 £	2019 £
Coronavirus Job Retention Scheme	203,899	-
Retail, Hospitality and Leisure Grant Fund	275,000	-
Other	50,016	-
	528,915	-

5. Non-recurring items

	2020 £	2019 £
Costs and provision associated with closure of loss making stores	703,308	409,187
Losses on impairment and disposal of tangible assets associated with store closures	657,898	111,386
Severance payments	36,083	3,682
	1,397,289	524,255

Non-recurring items in the current year relate to the costs associated with closure of loss-making stores in the United Kingdom.

Losses on disposal and impairment of tangible assets associated with store closures relates to the write off of fixture and fittings and other leasehold improvements on stores closed in the year or that have closed post year end.

In the prior year non-recurring items included costs and provisions associated with the closure of loss-making stores in the United Kingdom or similar onerous lease provisions.

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible assets owned by the company	695,905	719,519
Operating lease rentals - plant and machinery	19,298	38,890
Operating lease rentals - other operating leases	3,462,604	3,637,970
Foreign exchange gain on translation	-	(177,473)

7. Auditors' remuneration

Audit fees for the company are borne by another group company in both the current and prior period.

8. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	4,003,918	3,810,877
Social security costs	216,887	202,919
Other pension costs	54,031	27,087
	4,274,836	4,040,883

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Selling and distribution	353	350

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	225,382	279,932
Directors pension costs	8,961	10,730
	234,343	290,662

During the year retirement benefits were accruing to 3 directors (2019: 3) in respect of defined contribution pension schemes.

The directors of the company, who are also directors of other subsidiary undertakings of Laddie Topco Limited, received total remuneration including pension contributions of £234,343 (2019: £290,662) in respect of qualifying services for Radley Retail Limited. In addition, two directors (2019: three directors) of the company were paid £100,000 (2019: £69,723) in respect of qualifying services for this and other group companies but it is impractical to do an allocation.

The remuneration including pension contributions paid in respect of the highest paid director amounted to £111,818 (2019: £125,308).

10. Interest receivable and similar income

	2020 £	2019 £
Bank interest received	313,176	63,905
	313,176	63,905

11. Tax on (loss)/profit

	2020 £	2019 £
Corporation tax		
Current tax on (loss)/profit for the year	-	83,510
Adjustments in respect of previous periods	121,290	(30,463)
Total current tax	121,290	53,047
Deferred tax		
Origination and reversal of temporary differences in the current year	(64,528)	17,863
Adjustments in respect of prior periods	(15,025)	11,160
Effect of rate change	(23,314)	-
Derecognition of carried forward temporary differences	286,012	-
Total deferred tax	183,145	29,023
Tax on (loss)/profit	304,435	82,070

11. Tax on (loss)/profit (continued)

Factors affecting tax charge for the year

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

	2020 £	2019 £
(Loss)/profit before tax	(1,321,369)	631,545
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(251,060)	119,994
Effects of:		
Disallowed expenses and non-taxable income	188,913	129,648
Effect of rate change	(23,314)	(2,102)
Group relief received	(2,381)	(146,167)
Adjustments to tax charge in respect of prior years	106,265	(19,303)
Derecognition of carried forward temporary differences	286,012	-
Total tax (credit)/charge for the period	304,435	82,070

Factors that may affect future tax charges

Current and deferred tax have been calculated using standard rates of corporation tax in the UK being the prevalent rates of corporation tax. A reduction in the UK corporation tax rate from 19% to 17% was substantively enacted on 6 September 2016. A further change to the main UK corporation tax rate was announced in the 11 March 2020 Budget. As a result of this change the main UK corporation tax rate will remain at 19% from 1 April 2020. The UK deferred tax has been calculated at 19% at the end of the period reflecting HMRC enactment, on 17 March 2020, of this non change in the UK corporation tax rate.

12. Dividends

	2020 £	2019 £
Dividends paid at £2,310 per share (2019: £nil)	23,100,000	-
	23,100,000	-

13. Tangible assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 28 April 2019	4,157,844	240,265	5,273,847	9,671,956
Additions	7,846	-	1,022,851	1,030,697
Disposals	(882,445)	(14,713)	(575,109)	(1,472,267)
At 26 April 2020	3,283,245	225,552	5,721,589	9,230,386
Depreciation				
At 28 April 2019	3,620,529	216,504	3,702,190	7,539,223
Charge for the period	203,992	15,009	476,904	695,905
Impairment charge	109,497	-	458,018	567,515
Disposals	(874,555)	(13,824)	(478,154)	(1,366,533)
At 26 April 2020	3,059,463	217,689	4,158,958	7,436,110
Net book value				
At 26 April 2020	223,782	7,863	1,562,631	1,794,276
At 26 April 2019	537,315	23,761	1,571,657	2,132,733

As a result of the Company's decision to close certain stores an impairment charge in respect of leasehold improvements and fixtures and fittings has been recognised in the income statement (see note 5).

14. Stocks

	2020 £	2019 £
Finished goods and goods for resale	6,228,364	3,701,555
	6,228,364	3,701,555

The difference between purchase price or production cost of stock and their replacement cost is not material.

Included within Finished goods and goods for resale is a stock provision of £43,746 (2019: £30,122).

Stocks recognised as an expense in the period were £15,864,170 (2019: £16,472,548).

15. Debtors

	2020 £	2019 £
Due after more than one year		
Revolving credit facility	-	30,025,129
	-	30,025,129

	2020 £	2019 £
Due within one year		
Trade debtors	259,394	687,961
Other debtors	255,000	24,203
Prepayments and accrued income	174,930	1,927,313
Deferred taxation (note 18)	-	183,145
	689,324	2,822,622

Trade debtors are stated less a provision for impairment of £24,808 (2019: £68,492).

Included within other debtors is £250,000 receivable under the Governments Retail, Leisure and Hospitality Grant Fund.

The long term revolving credit balance of £nil (2019: debtor of £30,025k) represents drawings net of repayments made to the group's facility provided by Wells Fargo Capital Finance, to the loan account in the name of Radley Retail Limited. At the balance sheet date, the net group indebtedness in respect of this facility is £9,610k (2019: £4,703k) of which £9,504k (2019: £34,578k) is a long term creditor in Radley + Co Limited.

16. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	198,458	1,751,907
Amounts owed to group undertakings	8,367,783	13,420,200
Corporation tax	473,756	352,466
Other taxation and social security	500	-
Other creditors	664,445	507,639
Accruals and deferred income	781,552	973,689
	10,486,494	17,005,901

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

17. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Revolving credit facility	105,797	-
	105,797	-

The long term revolving credit balance of £106k (2019: debtor of £30,025k) represents drawings net of repayments made to the group's facility provided by Wells Fargo Capital Finance, to the loan account in the name of Radley Retail Limited. At the balance sheet date, the net group indebtedness in respect of this facility is £9,610k (2019: £4,703k) of which £9,504k (2019: £34,578k) is a long term creditor in Radley + Co Limited.

18. Deferred taxation

	2020 £
At beginning of year	183,145
Charged to profit or loss	(183,145)
At end of year	-

19. Provisions

	Onerous lease £	Dilapidation provision £	Total £
At 28 April 2019	300,000	395,741	695,741
Profit and loss account charge	703,308	30,259	733,567
At 26 April 2020	1,003,308	426,000	1,429,308

Dilapidations provision relates to the estimated obligation under leases for reinstatement works or repairs required to be carried out at the end of the lease charged to profit and loss as the obligation arises.

Onerous lease provisions relate to provisions recognised in respect of loss making stores. The Directors have now negotiated surrender of a number of full price stores post the balance sheet date. The provision is expected to be utilised fully in 2021.

20. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
10,000 (2019: 10,000) Ordinary shares of £1.00 (2019: £1.00) each	10,000	10,000

There is a single class of ordinary shares. Each share carries one voting right per share but no right to fixed income.

21. Reserves

Profit and loss account

Profit and loss account represents the distributable reserves of the company.

22. Related party transactions

The company has taken advantage of the exemption granted by FRS 102 section 33 "Related party disclosures" not to disclose related party transactions with other wholly owned group companies.

23. Post balance sheet events

The company is continuing to monitor developments of the Covid-19 virus and the associated near term uncertainty on the economic outlook of the U.K. retail market, and at the time of writing its stores in England and parts of Scotland have been required to close for a temporary period. Store staff have been placed on furlough as required, supported by the U.K. Government's job retention scheme. The group's website, reported in another group company, continues to serve the company's customers in part mitigation of these closures. The Radley group holds business interruption insurance, which has provided some cover for Covid-19 losses. At the time of writing the group has received an interim payment of £2m. Please refer to the strategic report for the directors' view on Covid-19.

The group has taken the decision to close 14 loss making full price stores during 2020 and has provided for the surrender costs of these stores in these financial statements.

The group has renewed and extended its asset backed lending facility with Wells Fargo Capital Finance on 22 October 2020. The amended facility, extended to 31 March 2022, also provides additional liquidity and revised covenants to support the business through a more uncertain period ahead.

24. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pensions cost charge represents contributions payable by the company to the fund and amount to £54,031 (2019: £27,087). Contribution totaling £nil (2019: £nil) were payable to the fund at the reporting date and included in creditors.

25. Commitments under operating leases

At 26 April 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Land and buildings		
Not later than 1 year	2,215,496	3,205,446
Later than 1 year and not later than 5 years	5,066,332	5,946,627
Later than 5 years	670,267	1,118,618
	7,952,095	10,270,691

26. Controlling party

The company's immediate parent undertaking is Radley + Co. Limited, a company incorporated in the United Kingdom. The company's financial statements are consolidated in the ultimate parent entity Laddie Topco Limited. Its group financial statements are the largest and smallest financial statements which include the company. The consolidated financial statements of Laddie Topco Limited are available from McBeath House, 3rd Floor, 310 Goswell Road, London, EC1V 7LW. The ultimate controlling party of the Radley Group is Bregal Freshstream L.P.