

Registered number: 03299599

**PRADA RETAIL UK LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2020**



**PRADA RETAIL UK LIMITED**

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**for the year ended 31 DECEMBER 2020**

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**PRADA RETAIL UK LIMITED**

**COMPANY INFORMATION**  
**for the year ended 31 DECEMBER 2020**

**DIRECTORS:**

Mr Carlo Mazzi  
Ms Francesca Bertoncini  
Mr Antonio Cassiano  
Mr Paolo Zannoni

**REGISTERED OFFICE:**

17-18 Old Bond Street  
London  
W1S 4PT

**REGISTERED NUMBER:**

03299599 (England and Wales)

**INDEPENDENT AUDITORS:**

Deloitte LLP  
Statutory Auditor  
Cambridge  
United Kingdom  
CB1 2GA

## **PRADA RETAIL UK LIMITED**

### **STRATEGIC REPORT** **for the year ended 31 DECEMBER 2020**

The directors present their strategic report for the year ended 31 December 2020.

#### **DIRECTORS' DUTIES**

The company's directors must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006. The company's directors consider that the way they have acted is in good faith, would be most likely to promote success of the company for the benefit of its shareholders as a whole, and in doing so have regard (and amongst other matters) to:

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

As the Board of Directors, our intention is to behave responsibly and foster the company's business relationships. Our strategy prioritises organic growth, driven by cross-selling and up-selling products to existing clients and reaching out to new clients and bringing them into the Group. In order to achieve this, we need to develop and maintain strong client relationships. An example of this can be the Customer Loyalty Program, that includes offering unique customer experiences, along with gifts for seasonal events, festive events, and customer celebration of occasion, to our loyal customers. Sharing information with stakeholders is involved in the brands' value system, which transcends purely commercial goals. Effective communications are key to building and transmitting a strong image for the brands consistent with their identity. From Impeccably executed fashion shows rich in content to award-winning advertising campaigns, Prada and Miu Miu, continue to create a captivating, stylish image that is valued particularly by a high-end, international clientele and by the strictest, most demanding observers and critics. We also value all of our supplier relationships and have many long term partnerships with our key suppliers. These long term partnerships ensure we can continue to maintain the high standards of the business through continuity and understanding of the quality that one another's business can provide.

As the Board of Directors, our intention is to behave responsibly and consider the impact of the company's operations on the community and the environment. Prada Environmental ideology inspired a unique line of regenerated nylon bag that has resulted in the launch of the Re-Nylon collection. Furthermore, the Group took a commitment to sustainable practice in future nylon production and new lines have been proposed in order to refresh the offer to become evergreen. In Addition, the Fashion Pact, a coalition of 60 leading international fashion companies of which Prada was one of the first participants, made large steps forward in taking concrete actions to contrast climate change, restore biodiversity and protect oceans.

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours, and in doing so, will contribute to the delivery of our plan in the medium to long term. The intention is to nurture our reputation, through both the construction and delivery of our plan, that reflects responsible behavior.

As the Board of Directors, our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

#### **ENVIRONMENT & SUSTAINABILITY**

The Prada Group believes it has a responsibility to engage in and cultivate virtuous behaviours that contribute to the sustainable growth of its business and are examples of good practice within its industry. Prada is committed to reducing its environmental impact not only within the organisation but also by raising the awareness of its stakeholders and partnering with qualified third parties.

Fighting climate change and conserving the places where it operates are ways the Group intends to reduce its ecological footprint with the greatest priority. The reduction of greenhouse gas emissions is supported by an important energy-efficiency action plan that has been recently implemented. This includes such action as, the gradual replacement of all air conditioning and cooling systems with those equipped with the latest-generation technology, a campaign for the complete, definitive coverage of all lit spaces with low-energy LED lamps, and the installation of technologies to improve the recording and consequential optimisation of energy consumption.

With respect to biodiversity, the decision to adopt a fur-free policy and the launch of Prada Re-Nylon are the most significant recent expressions of the Group's commitment to this important area of environmental sustainability. The Prada Re-Nylon campaign, initiated in 2019 with ambitious goal of fully replacing the use of virgin nylon with that of regenerated nylon, progressed according to the extension of the use of Prada's iconic fabric to a significant share of the clothing and leather goods collections.

**PRADA RETAIL UK LIMITED**

**STRATEGIC REPORT**  
**for the year ended 31 DECEMBER 2020**

**STREAMLINED ENERGY AND CARBON REPORTING**

The table below illustrates our energy and emissions in 2020:

<b>Reported Energy and Emission</b>	<b>2020 Consumption (kWh)</b>
<b>Energy Consumption (kWh)</b>	<b>1,949,217</b>
Emissions from combustion of fuels (Scope 1: tCO <sub>2</sub> e)	-
Emissions from combustion from purchased electricity (Scope 2: tCO <sub>2</sub> e)	1,677
<b>Total Gross tCO<sub>2</sub> e based on above</b>	<b>1,677</b>
<b>Intensity ratio (tCO<sub>2</sub> e / Floor Space sqm )</b>	<b>23.27%</b>

From 2018 onwards the company has embarked on a project to upgrade the lighting systems, to LED versions, in all of its directly operated locations in order to considerably reduce its carbon consumption. Additional steps and actions will be taken to save energy in all locations going forward.

The above data reflects consumption of sites where the Company has the ability to influence energy management. Data is not reported where the Company has limited or no ability to influence energy management.

**REVIEW OF BUSINESS**

The company directly operates 25 retail outlets including E-commerce (year ended 31 December 2019: 25) in the United Kingdom and has 2 branches in Dublin, Eire.

During the year under review, performance was disrupted by the Covid-19 public health emergency, which had dramatic health, social and economic consequences on a global scale, and still visible in the initial months of 2021. The restriction on individuals' free movement imposed by the governments and the general distress caused by the spread of the pandemic had a devastating impact on luxury spending. The elimination of tourism flows resulted in a considerable drop in physical sales, but at the same time fostered local consumptions. Overall, the focal point of luxury goods purchases has shifted and changes previously underway have accelerated, like the growth of digital communication and sales channels and the expansion of the share of young consumers.

The company's reaction to the emergency was immediate, decisive and far-reaching. Each business function revised its activities and adapted the workforce, prioritising employee safety and customer centrality.

The retail personnel kept contact with customers alive during the various closing periods and the company implemented a cost containment plan.

Operating expenses were reduced thanks in part to rent discounts obtained on agreement with the landlords, business rates holiday for the retail sector, and wage supplements obtained from the government furlough scheme of £2 million. In addition, the investment program was revised during the year as some renovation and relocation projects for the retail network were postponed. Marketing initiatives were cancelled or postponed, along with other discretionary expenses being trimmed.

The company continued to be focused on a series of initiatives designed to bolster its commercial performance with strategic prospects of increasing sales volumes and profitability in the medium term.

With this goal in mind, the company rebalanced the merchandise mix at the stores to feature new products with the creative talents of the Group design team. The new mix contains all product categories and is supported by numerous efforts to further enhance the shopping experience and strengthen relationships with the customers. The new Linea Rossa Line has been launched with excellent reception, especially by younger generations and in this context the product offer is continually enhanced with the goal to gain greater momentum in occasion of the America's Cup. To face rapid changes in consumer behaviours, the Group invested in the value of its products, enhancing quality, style and technology, and through greater control in pricing policy to achieve a more consistent and clearer offer to its customers.

The company's directors consider the quality standards of the products and luxury client experiences as the company's unique selling points. The company's retail network development has been facilitated by updating and restyling the concept of key existing Prada and Miu Miu stores according to the brands' aesthetic codes. There has also been a selection of promotional pop-up events, and temporary displays, in selected key and prestigious locations to launch new products and emphasise brand identity.

## **PRADA RETAIL UK LIMITED**

### **STRATEGIC REPORT** **for the year ended 31 DECEMBER 2020**

During the year under review, the company's sales decreased from £136 million from £81 million, a decrease of 40% (year ended 31 December 2019: 9.7%) on the previous period. Existing stores and concessions have performed strongly over the year, when open for trading, due to a variety of reasons. This includes growth of its local, UK based customers, along with particularly well received products from all categories. However, government restrictions have resulted in non-essential shops being closed for 34% of the year, and thus the aforementioned decrease in sales year-on-year. On the other side, the pandemic spurred the digital evolution reinforcing the Prada Group's vision of expanding the omnichannel strategy: the prada.com customer experience was re-designed on an international scale, content was localised and customised, and the digital communication strategy was strengthened through full use of social media channels. This resulted in a strong growth of the e-commerce channel; that registered sales for +220% compared to the year 2019.

The company continues to invest in fixed assets with additions to fixed assets amounting to £3.5 million (year ended 31 December 2019: £5.3 million); the balance sheet reflects the increase activity of the company with an increase in the elements of working capital. Net assets have decreased to £28.3 million (year ended 31 December 2019: £32.9 million), and the company has recognised a loss on the retranslation of the Irish branch of £9,259 (year ended 31 December 2019: £22,217).

The company will continue to retail luxury fashion goods.

Although it is difficult to forecast the evolution of the pandemic, the successful UK vaccination program, along with the clearly defined government route returning from government restrictions, enable positive thinking about the future.

Starting from the reopening date of the stores on April 12th, the sales reached the same level of the same period of 2019, demonstrating a positive response of local customers to the opening of the stores and the strength of the Prada Brand.

The directors are convinced that continuous investments in people, products and relationships with customers will deliver resilience and rapid recovery in sales and profitability.

#### **Key performance indicators**

The Board monitors progress on the overall strategy by reference to certain KPI's as follows:

	2020	2019	
Sales growth	-40.0%	9.1%	12 months year on year sales growth expressed as a %
Operating profit	-6.6%	2.8%	Operating profit expressed as a % of sales
Return on net assets	-19.0%	11.4%	Operating profit expressed as a % of net assets

The movement in the KPI's is explained above.

The company's non-financial performance indicator is developing and maintaining the brand profile, with the aim of ensuring a high level of loyalty from customers, name awareness, and a perceived quality of product.

Non-financial KPI's are used to monitor health and safety, HR and operational performance where appropriate. Given the nature of the business, for the purposes of this strategic report. The Company's directors are of the opinion that evaluation using key performance indicators is not for an understanding of the development, performance or position of the business.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The consumer market in which the company operates is influenced over time by the overall strength of the international economy and financial markets, although this correlation may not be immediately evident in the short term.

The exchange rate of the major currencies to sterling has an effect in the level of overseas consumers that come to the UK.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The principal risk and uncertainties of Prada Retail UK Limited are not managed separately but are integrated within the principal risks of Prada S.p.A, the immediate parent company.

**PRADA RETAIL UK LIMITED**

**STRATEGIC REPORT**  
**for the year ended 31 DECEMBER 2020**

Prada Retail UK Limited does not utilise financial instruments such as forward currency exchange contracts. The company is invoiced in sterling by Prada S.p.A for stock and the majority of its administrative expenses are denominated in sterling. However, Prada S.p.A also invoices the company for other services in euros and the exchange risk on those transactions is borne by the company. In addition, the company opened a branch in Dublin in 2008 and so is exposed to movements in the euro in relation to that entity. However, the directors believe that the exchange risk is not significant.

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the only financial risks that the directors consider relevant to this company are credit risk and liquidity risk. The directors believe that there are sufficient procedures in place to mitigate these risks.

(i) Credit risk

The company's principal financial assets are bank balances and cash and trade and other receivables. The company's credit risk is primarily in respect of trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The company has no significant concentration of credit risk and exposure.

(ii) Liquidity risk

The company's overall objective is to ensure that at all times it is able to meet its financial commitments as and when they fall due. It is expected that the Covid 19 pandemic could cause some liquidity issues, but the Company can rely on the ability to obtain financing from the Parent Company. On the other hand, the Company has implemented an action plan with the objective of maximising the efficiency of the cash flow through the adoption of the applicable measures announced by the Government to support the companies and through the negotiation of cost reductions and extended payment terms with its providers.

**FUTURE DEVELOPMENTS**

The global market place remains competitive; however the directors believe that the brand places itself well in its key markets and look forward to continue growth in the next financial year.

The aforementioned event, of the Coronavirus pandemic, that has occurred since the year-end will likely affect the state of affairs of the company in the following financial year, but due to the high level of uncertainty, there are not sufficient elements to assess the exact extent for the future. However, the support of the parent company provides the company's Director's with the confidence that it is in a strong position to overcome the exceptional challenges it faces at present.

**APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:**

  
.....  
Ms Francesca Bertozzini - Director

Date: 02/08/2021

**PRADA RETAIL UK LIMITED**

**DIRECTORS' REPORT**  
**for the year ended 31 DECEMBER 2020**

The directors present their annual report with the financial statements of the company for the year ended 31 December 2020.

**DIVIDENDS**

The profit/(loss) for the year, after taxation, amounted to £(4,638,389) (2019 £2,597,608).

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

**DIRECTORS**

The director shown below has held office during the whole of the year from 1 January 2020 to the date of this report, unless otherwise stated.

Ms. Francesca Bertocini  
Mr Antonio Cassiano

Other changes in directors holding office are as follows:

Mr Carlo Mazzi resigned as of 22<sup>nd</sup> July 2021  
Mr Paolo Zannoni was appointed on 22<sup>nd</sup> July 2021

**GOING CONCERN**

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate as the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for a period of at least twelve months from the date the financial statements of the Company are approved, including being able to settle liabilities as they fall due.

During the year under review, performance was disrupted by the Covid-19 public health emergency, which had dramatic health, social and economic consequences on a global scale, and still visible in the initial months of 2021. However, with the stores now opening again from mid-April combined with the high proportion of the UK population having been vaccinated, there is a minimal risk of a full lockdown over the coming months.

Also, the financial statements have been prepared on the going concern basis as the Company's parent undertaking, Prada S.p.A has agreed to provide financial support as necessary for a period of at least twelve months from the date the Directors approve the financial statements of the Company. The Directors, having made sufficient enquiries, are satisfied that Prada S.p.A is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

**EMPLOYEES**

The company provides employees information on matters of concern to them through communications by memoranda and verbal team briefings.

It continues to be the company's policy to give full and fair consideration to disabled persons applying for employment, having full regard to their particular aptitudes and abilities. Full and fair consideration will be given to the continuing employment and appropriate training of persons who become disabled. The company's policy is to provide equal opportunities to its entire staff on the basis of objective criteria and personal merit.

**SCHEDULE 7 DISCLOSURES**

Those disclosures in the directors' report required by Schedule 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 are given in the strategic report. These disclosures include financial risk management, future developments, post balance sheet event and the existence of branches outside the UK.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.




**PRADA RETAIL UK LIMITED**

**DIRECTORS' REPORT**  
**for the year ended 31 DECEMBER 2020**

**AUDITORS**

The auditors, Deloitte LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

**APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:**

  
.....  
Ms Francesca Bertoni - Director

Date: 02/08/2021

**PRADA RETAIL UK LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**for the year ended 31 DECEMBER 2020**

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 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 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 AUDITORS' REPORT TO THE MEMBERS OF**  
**PRADA RETAIL UK LIMITED**

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of Prada Retail UK Limited (the 'company') for the year ended 31 December 2020 which comprise the Profit and loss account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements of Prada Retail UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs). The responsibilities under those standards are further described in the auditor's responsibilities for the audit section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to the audit of financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our 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.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**PRADA RETAIL UK LIMITED**

**Other information**

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

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

We have nothing to report in this regard.

**Responsibilities of directors**

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

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

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**PRADA RETAIL UK LIMITED**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Report on other legal and regulatory requirements**

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

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

**Matters on which we are required to report by exception**


Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**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 Auditors' 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.



Adam Norman FCCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Cambridge  
United Kingdom  
CB1 2GA

Date: 3 August 2021

**PRADA RETAIL UK LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>TURNOVER</b>	2	81,387,299	135,669,099
Cost of sales		<u>(30,906,278)</u>	<u>(54,678,402)</u>
<b>GROSS PROFIT</b>		50,481,021	80,990,697
Administrative expenses		(55,956,710)	(77,316,110)
Other operating income	3	<u>107,018</u>	<u>86,636</u>
<b>OPERATING (LOSS)/PROFIT</b>	5	(5,368,671)	3,761,223
Interest receivable and similar income	7	8,855	13,945
Interest payable and similar charges	8	<u>(172,040)</u>	<u>(215,508)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(5,531,856)	3,559,660
Tax on (loss)/profit	9	<u>893,467</u>	<u>(962,052)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>		<u><u>(4,638,389)</u></u>	<u><u>2,597,608</u></u>

All activities derive from continuing operations.

The notes form part of these financial statements

**PRADA RETAIL UK LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 DECEMBER 2020.**

	Notes	2020 £	2019 £
(LOSS)/PROFIT FOR THE YEAR		(4,638,389)	2,597,608
OTHER COMPREHENSIVE INCOME / (EXPENSE)			
Currency translation difference on foreign currency net investments	10	<u>(9,259)</u>	<u>16,597</u>
OTHER COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR, NET OF INCOME TAX		<u>(9,259)</u>	<u>16,597</u>
TOTAL COMPREHENSIVE INCOME / (EXPENSE) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		<u><u>(4,647,648)</u></u>	<u><u>2,614,205</u></u>

The notes form part of these financial statements.

**PRADA RETAIL UK LIMITED (REGISTERED NUMBER: 03299599)**

**BALANCE SHEET**  
**31 DECEMBER 2020**

		2020		2019	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	10		19,005,759		20,843,426
Intangible assets	11		<u>2,586,766</u>		<u>2,760,198</u>
			21,592,525		23,603,624
<b>CURRENT ASSETS</b>					
Stocks	12	30,581,826		36,611,958	
Debtors: amounts falling due within one year	13	31,279,340		53,134,725	
Debtors: amounts falling due after more than one year	13	15,880		103,496	
Cash at bank and in hand		<u>4,343,294</u>		<u>13,402,809</u>	
		66,220,340		103,252,988	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>38,538,398</u>		<u>92,117,756</u>	
<b>NET CURRENT ASSETS</b>			<u>27,681,942</u>		<u>11,135,232</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			49,274,467		34,738,856
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		<u>20,986,068</u>		<u>1,802,809</u>
<b>NET ASSETS</b>			<u>28,288,399</u>		<u>32,936,047</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		5,000,000		5,000,000
Share premium			506,050		506,050
Other distributable reserves			8,518,857		8,518,857
Profit and loss account			<u>14,263,492</u>		<u>18,911,140</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>28,288,399</u>		<u>32,936,047</u>

The financial statements were approved by the Board of Directors and authorised for issue on 02/08/2021 and were signed on its behalf by:

.....  
Ms Francesca Bertoncini - Director

The notes form part of these financial statements



**PRADA RETAIL UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 DECEMBER 2020**

	Called up share capital £	Profit and loss account £	Share premium £	Other distributable reserves £	Total equity £
Balance at 1 January 2019	5,000,000	16,296,935	506,050	8,518,857	30,321,842
Changes in equity					
Total comprehensive income	-	2,614,205	-	-	2,614,205
Balance at 31 December 2019	5,000,000	18,911,140	506,050	8,518,857	32,936,047
Changes in equity					
Total comprehensive income	-	(4,647,648)	-	-	(4,647,648)
Balance at 31 December 2020	5,000,000	14,263,492	506,050	8,518,857	28,288,399

The notes form part of these financial statements

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 DECEMBER 2020**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Prada Retail UK Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page 1.

The functional currency of Prada Retail UK Limited is considered to be pounds sterling ('sterling') because that is the currency of the primary economic environment in which the Company operates.

**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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 33.7.

Prada Retail UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Prada Retail UK Limited is consolidated in the financial statements of its parent, Prada S.p.A. (see note 21).

**Turnover**

Turnover comprises revenue recognised by the company in respect of goods sold, exclusive of Value Added Tax and trade discounts. Store revenue is recognised at the point of sale when the goods are received by the customer. E-commerce revenue is recognised when goods are despatched to the customer. Financial Interest is recognised when it is received.

**Intangible assets**

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of intangible fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Software and rights	-	over the term of the license
Store lease acquisition	-	over the term of the lease

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. 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:

Furniture & equipment - directly operated stores	-	5 years
Furniture & equipment - concessions	-	over the term of the lease
Leasehold improvements	-	over the term of the lease

Interest incurred in the acquisition of a fixed asset is capitalised and depreciated over the life of the asset.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is calculated with reference to the average cost of goods purchased. No provision is made to reduce the value below cost as the cost of any returned items from the collections is fully reimbursed to the company by Prada S.p.A.

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**1. ACCOUNTING POLICIES - continued**

**Taxation**

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are difference between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

**Cash and cash equivalents**

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Included in the Company's cash and cash equivalents as of 31 December 2020 and 31 December 2019 are credit card receivables of £152,937 and £1,203,518, respectively, which generally settle within two to three business days.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. All differences are taken to the profit and loss account.

The results, assets and liabilities of foreign branches have been translated into sterling for the purpose of financial reporting. The results of foreign branches have been translated into sterling using the average exchange rate for the year; assets and liabilities have been translated into sterling at the year end rate. Exchange differences arising in the year and on the re-translation of opening net assets are taken to the reserves through the statement of comprehensive income.

**Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**1. ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

**(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**1. ACCOUNTING POLICIES - continued**

**Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report also describes the financial performance of the company and its liquidity position. The directors are satisfied with the results and believe that the company is well placed to manage its business risks successfully.

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate as the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for a period of at least twelve months from the date the financial statements of the Company are approved, including being able to settle liabilities as they fall due.

During the year under review, performance was disrupted by the Covid-19 public health emergency, which had dramatic health, social and economic consequences on a global scale, and still visible in the initial months of 2021. However, with the stores now opening again from mid-April combined with the high proportion of the UK population having been vaccinated, there is a minimal risk of a full lockdown over the coming months.

Also, the financial statements have been prepared on the going concern basis as the Company's parent undertaking, Prada S.p.A. has agreed to provide financial support as necessary for a period of at least twelve months from the date the Directors approve the financial statements of the Company. The Directors, having made sufficient enquiries, are satisfied that Prada S.p.A. is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

**Critical accounting judgements and key sources of estimation uncertainty**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There is no critical judgement or sources of estimation uncertainty.

**2. TURNOVER**

The turnover and loss (2019 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2020 £	2019 £
Sale of goods	81,387,299	135,669,099
	<u>81,387,299</u>	<u>135,669,099</u>

An analysis of turnover by geographical market is given below:

	2020 £	2019 £
United Kingdom	77,105,703	128,734,942
Republic of Ireland	4,281,596	6,934,157
	<u>81,387,299</u>	<u>135,669,099</u>

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**3. OTHER OPERATING INCOME**

	2020	2019
	£	£
Other operating income - insurance claims and sales of non-stock items	<u>107,018</u>	<u>86,636</u>

**4. EMPLOYEES AND DIRECTORS**

	2020	2019
	£	£
Wages and salaries	10,949,044	15,674,358
Social security costs	1,339,191	1,730,983
Other pension costs	<u>404,986</u>	<u>441,708</u>
	<u>12,693,221</u>	<u>17,847,049</u>

The average number of employees during the year was as follows:

	2020	2019
Selling and distribution	334	355
Administration	<u>41</u>	<u>49</u>
	<u>375</u>	<u>404</u>

The company operates a defined contribution pension scheme for its employees. The pension charge is between 2% and 8% of pensionable salary. The charge for the year is £404,986 (2019: £441,708), of which £60,925 (2019: £71,994) was outstanding at the year end.

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**4. EMPLOYEES AND DIRECTORS - continued**

	2020	2019
	£	£
Directors' remuneration		
Emoluments	368,901	105,359
Amounts receivable under long-term incentive schemes	51,210	-
Company contributions to money purchase pension schemes	18,200	-
	<u>438,311</u>	<u>105,359</u>
	<u>Number</u>	<u>Number</u>
The number of directors who:		
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>
Remuneration of highest paid director:	2020	2019
	£	£
Emoluments	438,311	105,359
Amounts receivable under long-term incentive schemes	-	-
Company contributions to money purchase pension schemes	-	-
	<u>438,311</u>	<u>105,359</u>

Other Directors' remuneration is borne by the Group company in the respective country that employs them.

**5. OPERATING (LOSS)/PROFIT**

The operating loss (2019 - operating profit) is stated after charging/(crediting):

	2020	2019
	£	£
Hire of plant and machinery	43,246	19,975
Other operating leases	25,652,508	38,470,249
Depreciation - owned assets	5,199,258	5,166,506
(Profit)/loss on disposal of fixed assets	(34,001)	316,220
Store lease acquisition amortisation	171,877	171,877
Computer software amortisation	1,555	834
Foreign exchange differences	<u>243,821</u>	<u>(191,621)</u>

**6. AUDITOR'S REMUNERATION**

	2020	2019
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	<u>27,900</u>	<u>34,715</u>

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020	2019
	£	£
Other interest receivable	<u>8,855</u>	<u>13,945</u>

No interest receivable has derived from group undertakings.

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2020	2019
	£	£
Interest on group loans	171,308	215,130
Other interest payable	<u>732</u>	<u>378</u>
	<u>172,040</u>	<u>215,508</u>

**9. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	(264,815)	882,892
Adjustment in respect of prior periods	<u>(18,582)</u>	<u>28,417</u>
Total current tax	(283,397)	911,309
Origination and reversal of timing differences	<u>(610,070)</u>	<u>50,743</u>
Tax on (loss)/profit	<u>(893,467)</u>	<u>962,052</u>

UK corporation tax has been charged at 19%.



**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**9. TAXATION - continued**

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
(Loss)/profit before tax	<u>(5,531,856)</u>	<u>3,559,660</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,051,053)	676,335
Effects of:		
Expenses not deductible for tax purposes	272,534	333,038
Adjustments to tax charge in respect of previous periods	694	19,733
Other differences leading to an increase/(decrease) in the tax charge	(85,355)	(6,879)
Deferred tax not provided	<u>(30,287)</u>	<u>(60,175)</u>
Total tax (credit)/charge	<u>(893,467)</u>	<u>962,052</u>

**Tax effects relating to effects of other comprehensive income**

	Gross £	2020 Tax £	Net £
Currency translation difference	<u>(9,259)</u>	<u>-</u>	<u>(9,259)</u>
	Gross £	2019 Tax £	Net £
Currency translation difference	<u>16,597</u>	<u>-</u>	<u>16,597</u>

The standard rate of tax applied to the reported profit is 19% (2019: 19%).

During the year beginning 1 January 2020, no reversal of the fixed asset timing differences is expected to occur on the basis that accounting depreciation will exceed capital allowances claims. Reversal of short term timing differences is expected to be immaterial. There is no expiry date on timing differences and unused tax losses.

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**10. TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Furniture & equipment £	Totals £
<b>COST</b>			
At 1 January 2020	31,402,147	24,129,347	55,531,494
Additions	1,673,188	1,801,164	3,474,352
Disposals	(143,947)	(52,963)	(196,910)
Exchange differences	23,667	54,716	78,383
At 31 December 2020	<u>32,955,055</u>	<u>25,932,264</u>	<u>58,887,319</u>
<b>DEPRECIATION</b>			
At 1 January 2020	17,421,786	17,266,282	34,688,068
Charge for year	2,532,659	2,666,599	5,199,258
Eliminated on disposal	(45,304)	(20,034)	(65,338)
Exchange differences	19,106	40,466	59,572
At 31 December 2020	<u>19,928,247</u>	<u>19,953,313</u>	<u>39,881,560</u>
<b>NET BOOK VALUE</b>			
At 31 December 2020	<u>13,026,808</u>	<u>5,978,951</u>	<u>19,005,759</u>
At 31 December 2019	<u>13,980,361</u>	<u>6,863,065</u>	<u>20,843,426</u>

**11. INTANGIBLE FIXED ASSETS**

	Store lease acquisition £	Computer software £	Totals £
<b>COST</b>			
At 1 January 2020 and 31 December 2020	<u>6,199,365</u>	<u>181,744</u>	<u>6,381,109</u>
<b>AMORTISATION</b>			
At 1 January 2020	3,443,233	177,678	3,620,911
Amortisation for year	<u>171,877</u>	<u>1,555</u>	<u>173,432</u>
At 31 December 2020	<u>3,615,110</u>	<u>179,233</u>	<u>3,794,343</u>
<b>NET BOOK VALUE</b>			
At 31 December 2020	<u>2,584,255</u>	<u>2,511</u>	<u>2,586,766</u>
At 31 December 2019	<u>2,756,132</u>	<u>4,066</u>	<u>2,760,198</u>

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**12. STOCKS**

	2020	2019
	£	£
Finished goods and goods for resale	<u>30,581,826</u>	<u>36,611,958</u>

There are no significant differences between the replacement cost and the values shown above.

**13. DEBTORS**

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	5,124,957	3,087,153
Amounts owed by group undertakings	20,059,157	41,276,195
Other debtors	13,385	130,080
Tax	363,996	363,147
Deferred tax asset	1,354,863	744,793
Prepayments and accrued income	<u>4,362,982</u>	<u>7,533,357</u>
	<u>31,279,340</u>	<u>53,134,725</u>

Amounts falling due after more than one year:

Other debtors	<u>15,880</u>	<u>103,496</u>
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Aggregate amounts	<u>31,295,220</u>	<u>53,238,221</u>
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Deferred tax asset

	2020	2019
	£	£
Fixed asset timing differences	1,334,058	725,000
Short term timing differences	<u>20,805</u>	<u>19,793</u>
	<u>1,354,863</u>	<u>744,793</u>

'Amounts owed by group undertakings' are current debtors in nature and carry no interest charge. The payment terms for these are typically 60 days end of month.

Other debtors due after one year comprise a rent deposit secured in favour of the company's landlord.

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade creditors	4,051,879	1,374,765
Amounts owed to group undertakings	23,273,963	77,392,147
Social security, other taxes and VAT	3,791,423	4,298,403
Other creditors	1,250,910	1,157,349
Accruals and deferred income	6,170,223	7,895,092
	<u>38,538,398</u>	<u>92,117,756</u>

Included in the 'amounts owed to group undertakings' are loans of £nil (2019: £18,000,000) and of €nil (2019: €1,900,000) due to Prada S.p.A. The company entered into the loan agreements on 26 January 2018. The sterling and euro denominated loans are unsecured; bear interest at six months LIBOR plus 3.33%, and were due to be repaid in full on 26 January 2020. The duration of the loans has now been extended under new loan agreements effective 27th January 2020 for repayment in full on 27th January 2022.

Included in the 'amounts owed to group undertakings' are current liabilities typically due in 60 days end of month.

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Amounts owed to group undertakings	19,708,157	-
Accruals and deferred income	1,277,911	1,802,809
	<u>20,986,068</u>	<u>1,802,809</u>

Included in the 'amounts owed to group undertakings' are loans of £18,000,000 (2019: £nil) and €1,900,000 (2019: €nil) due to Prada S.p.A. The company entered into the loan agreements on 26 January 2018. The sterling and euro denominated loans are unsecured; bear interest at six months LIBOR plus 3.33%, and were due to be repaid in full on 26 January 2020. The duration of the loans has now been extended under new loan agreements effective 27th January 2020 for repayment in full on 27th January 2022.

Included within accruals and deferred income is £359,125 (2019: £430,650) which will fall due after more than five years.

**PRADA RETAIL UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2020**

**16. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Land and buildings		Other	
	2020	2019	2020	2019
	£	£	£	£
Within one year	-	1,293,749	11,886	18,033
Between one and five years	50,173,188	34,196,844	4,335	-
In more than five years	<u>165,403,800</u>	<u>175,490,818</u>	<u>-</u>	<u>-</u>
	<u>215,576,988</u>	<u>210,981,410</u>	<u>16,221</u>	<u>18,033</u>

**17. DEFERRED TAX ASSET**

	£
Balance at 1 January 2020	(744,793)
Adjustment in respect of prior years	19,276
Fixed asset timing differences	(602,687)
Short term timing differences	(9,956)
Loan relationship deficit	<u>(16,703)</u>
Balance at 31 December 2020	<u>(1,354,863)</u>

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
5,000,000	Ordinary	£1	<u>5,000,000</u>	<u>5,000,000</u>

**19. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent company is Prada S.p.A., a company incorporated in Italy.

The ultimate parent company and controlling party is Ludo S.p.A, a company incorporated in Italy.

The parent undertaking of the smallest group of undertakings for which group financial statements are prepared, and of which the company is a member, is Prada S.p.A., a company incorporated in Italy. Copies of the group financial statements are available from it's registered office Via Antonio Fogazzaro 28, 20135 Milan, Italy.

The parent company of the largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is Ludo S.p.A, a company incorporated in Italy. Copies of the group financial statements are available at it's registered office in Milan, Via Melzi D'Eril Francesco.

**21. POST BALANCE SHEET EVENTS**

There have been no events subsequent to the year-end which affected the state of affairs of the company as at 31 December 2020.