Registered number 08733836

Liberty Zeta Limited

Annual Report and Financial Statements

for the 52 week period ended

29 January 2022

LIBERTY ZETA LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

Directors

Marco Anatriello
Marco Capello
Emilio Di Spiezio Sardo
Abdul Wahab Saud Albabtain
Chi Chung Cheung
Adil Mehboob-Khan
Carlo Pirzio-Biroli
Massimo Saracchi
Robert Unsworth

Registered Address

210-220 Regent Street
London
W1B 5AH

Independent Auditor

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

Banker

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

Solicitor

Burness Paull
120 Bothwell Street
Glasgow
G2 7JL

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STRATEGIC REPORT
for the 52 week period ended 29 January 2022

Principal activities

Liberty Zeta Limited (the "Company") is the ultimate holding company of the Liberty Group of companies (the "Group"). Operating since 1875, Liberty's aim is to be recognised throughout the world as a British luxury brand with an authority in taste-making, design, omni-channel retail and makers of fine printed cottons and silk.

Business review and future developments

The consolidated operating profit of the Group in the Income Statement for the 52 week period until 29 January 2022 (the "period") was £2,937,000 (2021 (restated): operating loss of £12,681,000) and is set out on page 19 of the financial statements. The financial position of the Group, showing a net asset value of £104,161,000 (2021 (restated): £106,800,000) is set out in the consolidated Statement of Financial Position on page 21 of the financial statements. The loss before taxation for the financial period amounted to £7,165,000 (2021 (restated): loss of £23,088,000).

The severity of the COVID-19 global pandemic impacted the group in 2020, however the UK lockdown was still in place at the start of the new financial year, and along with COVID-19 restrictions in other countries that the group trades in, the period in review was also impacted by the global response to manage the pandemic. The group grew revenues against the impaired 30 January 2021 year, but was still trading behind the 1 February 2020 pre-Covid year.

Liberty Retail

The flagship store was closed from the start of the financial year in line with the UK government directive and reopened on 12th April 2021. The store reopened to a market that remained heavily impaired by lower footfall, however trading strengthened progressively during the summer months and gave management confidence that the pace of recovery would be in line with expectations for the important Christmas trading quarter. Despite the notable reduction in international visitors, the store was getting close to pre-covid levels in certain periods. The store performance was impacted again in December 2021 when new government measures to tackle the rapidly rising cases of the Omicron variant, including a working from home directive, negatively impacted the trajectory of recovery through to the end of the financial year.

During the period, the two year store renovation project completed. The store appearance was enhanced following major internal and external works to the windows, rendered panels, wood features and glass atriums. The building is a grade 2 star listed building and the renovations have ensured that the standard of the building as a key London landmark is protected, and will showcase the heritage of the Liberty brand to aid the future growth of the business in the years to come.

Liberty's Online business had a benefit from those shoppers unable to visit Stores that had been closed by the lockdowns, both in 2020 and in 2021 as the stores reopened to reduced footfall. The challenge in 2021 was to retain those customers that we had acquired online in the prior year. The Liberty online revenue grew slightly in the financial period.

It was another record year for the Liberty beauty advent calendar and during the year, Liberty launched its first subscription service called 'Beauty Drop'. Unique to the market, this initiative builds on the strength of Liberty's beauty business and it has received a very strong initial response from customers willing to sign up to the programme. Subscribers receive 4 boxes of curated beauty products a year in return for a monthly spend commitment. The long-term benefit to the business will be seen in higher retention levels of high value customers and sales growth.

Liberty Fabrics

The Liberty Fabrics business saw strong revenue growth in the financial year. As global markets recovered from the COVID-19 pandemic, our customers were gaining confidence in future demand and taking more risk on their inventory of finished products, this in turn benefitted the liberty Fabrics business in both fashion and drapery.

While Europe was slower in recovery, the business saw strong growth in other strategic regions such as the Middle East and North America.

Liberty Fabrics continues to improve its vertical integration with Stamperia Olonia SRL, achieving benefits from improved production lead times and consistent quality in production. Vertical integration helps the group benefit from a higher end to end gross margin, reduced risk and higher quality by controlling more stages of the supply chain. Stamperia Olonia SRL continues to focus on the research and development of printing techniques, improving operational efficiencies to enhance product quality and customer service.

Business review and future developments (continued)

While the group's revenue generation is not materially exposed to government sanctions as a result the Russian invasion of Ukraine. Italy, and therefore Stamperia Olonia SRL, rely on energy imported from Russia to maintain its printing activities. Utility costs are a significant cost of the Stamperia Olonia SRL operating costs. The group is able to absorb this cost over the short term and will be investing to install solar panels at the Stamperia Olonia SRL site to offset energy cost inflation and further reduce carbon emissions.

Liberty Brand

The Group continues to focus on the Liberty London brand and product development with a series of successful launches in the financial period. Successful product categories include jewellery, scarves and fashion accessories. Management is encouraged by the appeal of this product sold through its retail channels and see it as a key driver for future growth, particularly in international markets.

Corporate strategy

Liberty Zeta Limited and its subsidiaries are split across three significant segments: Liberty Retail, Liberty Fabrics, (including Stamperia Olonia SRL) and Liberty Brand. Each of the five businesses has its own business plan and the Board of Directors (the "Directors") manages adherence to these plans.

The strategy of the Group, led by the activities of the Directors, is to grow profitably in the three segments, as follows:

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

- The Liberty Fabrics strategy focuses on profitable growth through a dynamic, customised approach to its B2B customers in different global regions. This is driven by expansion of designs, design services, base cloths and exceptional product quality and service. This strategy is supported by the activities of the Stamperia Olonia SRL division in the preparation and printing of fabrics for both external customers and for Liberty Fabrics using both traditional and digital printing methods.

- The Liberty Brand product strategy focuses on the continued development of a luxury goods brand that will be distributed on a global scale using both Liberty Retail and B2B customers.

Key performance indicators

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

		52 week period ended 29 January 2022	52 week period ended 30 January 2021 (Restated)
Total revenue	£'000	**149,601**	117,397
EBITDA before non-recurring and one-off costs ("Management EBITDA")	£'000	**11,153**	(2,800)
Management EBITDA as a percentage of sales	%	**7.5%**	(2.4)%
Operating profit/(loss)	£'000	**2,937**	(12,681)

The group generated "Management EBITDA" of £11.2m (2021: (£2.8m)), while the recovery to generating "Management EBITDA", is positive, the group was further impaired in the year from government action keeping the store closed until April 2021. The "Management EBITDA" is still behind the £25.8m generated in the FY20 period which was the pre covid year. While revenue growth is not as far behind the period ending 1 February 2020, the move to online sales has increased the cost base due to the higher variable cost to serve on online channels than the predominantly fixed cost base in the flagship store and as such adversely impacted the Liberty Retail "Management EBITDA" % to sales. The operating profit of the Group was £2,937,000 (2021 (restated): operating loss of £12,681,000).

Management EBITDA

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

		52 week period ended 29 January 2022	52 week period ended 30 January 2021 (Restated)
Operating profit		**2,937**	**(12,681)**
Depreciation	Note 8	5,220	4,853
Amortisation	Note 7	2,218	2,821
EBITDA		**10,375**	**(5,007)**
Exceptional costs		1,433	3,609
IFRS 16 depreciation	Note 9	4,130	4,096
IFRS 16 lease payments	Note 9	(5,090)	(5,206)
IFRS 2 - share based payments	Note 19	305	(292)
Management EBITDA		**11,153**	**(2,800)**

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

Impairment of goodwill £545,000 (2021: £nil)

Change in accounting policy in relation to Cloud Computing £nil (2021: £91,000)

One off refurbishment costs in relation to the Flagship store £888,000 (2021: £510,000)

Restructuring costs of £nil were incurred in the period as a result of a review of the business structure (2021: £1,257,000).

Dual running costs of £nil were incurred in the period as result of the short-term Grosvenor Square office building lease. This project is now complete and as such, going forward, no further costs will be incurred (2021: £739,000).

One off bad debt provision of £nil relating to potentially non-recoverable VAT in Italy (2021: £1,012,000).

Principal risks and uncertainties

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

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

Economic, political, social and regulatory changes adversely affecting the Group's financial performance

The Group is exposed to the risks of global and regional adverse political, economic and financial market developments (including recession, inflation and currency fluctuations), that could lower the Group's revenues and operating results in the future.

The Group's results could also be adversely affected by events that reduce domestic or international travel, such as actual or threatened acts of terrorism or war, epidemics, travel-related accidents or industrial action, increased transportation and fuel costs and natural disasters.

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

Principal risks and uncertainties (continued)

Financial market volatility adversely affecting the Group's financial performance

The Group is sensitive to macroeconomic volatility and the resultant reduction in supply of credit and its significant increase in cost. In addition, liquidity risk affects the Group, in that this could result in it being unable to meet its financial obligations as they fall due. The Directors' approach to managing liquidity is to ensure, as far as possible, that the Group has sufficient liquidity to meet its liabilities, without incurring unacceptable losses or risking damage to the Group's reputation and business. The Group uses detailed divisional cash flow reporting to assist the Directors in monitoring cash flow requirements and optimising cash returns on investments across the whole Group. The Group entered into a Senior Financing arrangement with a six year term commencing on 31 January 2018.

Technology and systems disruption adversely affecting the Group's efficiency

To varying degrees, the Group is reliant upon information technologies and systems for the running of its businesses, particularly those which are highly integrated with business processes. Any disruption to those technologies or systems could adversely affect the efficiency of the business.

An Information Security Management System (ISMS) is in place to address the governance, risk and compliance of information security and information technology.

The Group is committed to having the correct systems and processes in place to support the Group's strategic objectives and is investing in systems and security to support this development. These improvements in information technologies and systems are being funded through operational cash flows.

Loss of key management personnel

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

Changes in fashion trends

The Group is dependent upon its ability to interpret and offer fashion products that customers wish to purchase. Failure to be successful in this area of activity, particularly noting the long lead times before product is available for sale, would cause an adverse impact on revenues and profitability.

Reliance on reputation of the Liberty brands

If an event occurred that materially damaged the reputation of any of the Group's core brands or there was a failure to sustain the appeal of the Group's brands to its customers, this could have an adverse impact on revenues and resultant shareholder value.

The Group owns a worldwide portfolio of trade mark registrations. The Liberty design archive is protected by UK copyright. Should the Group become aware of any trade mark or copyright infringement, steps are taken to enforce the Group's legal right in relation to that infringement.

Pension scheme shortfalls

The Liberty Retail Limited Pension Scheme ("the Scheme"), which is a defined benefit pension scheme, is currently showing assets of £3,657,000 (2021: £2,877,000). If the value of the Scheme assets were to decline materially relative to its liabilities, the Scheme may show a higher deficit and the Group might be required to make additional contributions to cover this shortfall. This would have an adverse impact on cash flow available to the Group, with resultant adverse effects on the cash flow and net worth of the Group.

Management and Pension Scheme Trustees meet regularly and have made major changes to the investment strategy of the Scheme over recent years to respond to changes in the market and to underpin its financial performance. They also receive advice from external actuaries and investment advisers which assists in mitigating this risk through the Scheme's diversified investments and risk minimisation strategy.

Principal risks and uncertainties (continued)

Financial risk management objectives and policies

The Group uses various financial instruments and is also exposed to risk in respect of its holding of investments in subsidiary undertakings. Existence of these financial instruments exposes the Group to a number of financial risks which are described in more detail below.

The main risks to the Group arising from its financial instruments are market risk, credit risk, liquidity risk and investment impairment risk. Directors and management review and agree the approach to manage each of these.

Market risk

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

Credit risk

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

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

The group deposits money with financial institutions and monitors the health and financial condition of those institutions.

Liquidity risk (incorporating interest rate risk)

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

Investment impairment risk

The directors understand the risks associated with the investments held by the entity and the fact that these risks relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the Group reviews the financial performance of its investments on a regular basis. The directors are satisfied with the performance of the investments and foresee no change in this for the foreseeable future.

Capital management policy

The group's objectives when managing capital are:

- to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders; and

- to ensure sufficient liquid resources are available to meet the funding requirement of its working capital cycles and to fund new projects where identified.

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

Principal risks and uncertainties (continued)

Foreign exchange fluctuations

The Group transacts a significant proportion of its sales and purchases in foreign currency. The Group mitigates the effect of adverse movements in exchange rates first by negotiating the functional currencies of large purchase contracts to match the currency of sales receipts, thereby creating a natural hedge. Consolidation of the Group's Japanese fabric business and Italian printing business in these Financial Statements includes the impact of the movement in the Sterling/Yen and Sterling/Euro exchange rates during the period and at the period end on the consolidated results and net asset value of the foreign operations. For further information on the financial risk management policy, please refer to note 17.

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

The Group is exposed to risks from increases in tax rates and changes in the basis of taxation, including corporation tax and VAT. The engagement of experienced executives within the Group and by its parent undertaking to handle these matters enhances the protection to the Group in this area of its activities. The Group and its parent undertaking also maintain a regular monitoring of legislative proposals and undertakes detailed analysis and review with external (non-audit related) advisers to evaluate and, if possible, mitigate the impact of the changes.

Section 172 statement

The Directors, in line with their duties under s172 of the Companies Act, act in good faith in promoting the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making long term decisions. Examples of such factors are as detailed below:

a) Considered the principal risks of the company

b) Reviewed long term funding requirements to support the future growth and success of the company

c) Considered the interest of the company's employees

d) Recognise the importance of strong relationships with suppliers, customers and other key stakeholders

e) Importance of the company within the community and environment and also endeavour to maintain high standards of business conduct

f) Operate fairly and in the interest of the company

Material Stakeholders	What is Important to the stakeholder	Methods of Engagement	Consideration and Impact
Shareholders	• Ultimate beneficial owners of the Group • Obtain insight into strategic growth plans • Receive accurate and reliable business information	• Regular update meetings with directors and nominated board • Access to senior management for particular matters • Specific investor calls for non-board members	• Financial updates on business performance allowed the board to accept the recovery plan post COVID of the group • Agreed key project commitments for new categories for brand growth e.g Beauty. • Agreed in principle to allow management to mitigate cashflow risk by engaging with debt holders to extend loan periods and maturity.

LIBERTY ZETA LIMITED

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for the 52 week period ended 29 January 2022

Section 172 statement (continued)

Employees	• Regular communication and engagement • Up to date information on the business • Feeling valued by the business	• Engagement surveys around relevant topics • Individual performance reviews and development plans • Engage with our workforce through the Liberty Forums	• Established a post COVID hybrid working policy • Agreed payment of One off cost of living allowance to help with fears around monetary pressures • Created an equality forum to allow for differing external speakers to talk about key equality aspects in modern society
Customers	• To ensure we continue to offer a luxury experience • To ensure that we are still at the forefront of curating product and design that fits their needs	• Provide an excellent customer experience face to face and virtually • Ensure customer expectations are continuously met through post contact surveys • Weekly emails highlighting new product or lifestyle idea. • Access to schemes such as the beauty drop and the Liberty Collective	• Launch of a new curated beauty subscription loyalty programme in September 2021 • Completed multi million pound renovation of the flagship store to allow for an enhanced shopping experience. • Introduced Key customer contact KPI's over 3 day resolution of customer queries and a 85% resolution rate.
Suppliers	• Regular and timely payment • Regular communication as to how their brand is performing and any actions we may have to take to mitigate poor performance • Importance to Liberty is that suppliers are meeting the ethical code that Liberty expects from all supplier.	• Designated point of contact for all suppliers • Constant review of supplier base to ensure the brand is still relevant for Liberty • CSR team communicating with suppliers to ensure ethical code of conduct is met	• The buying team work with suppliers to develop and buy the relevant products for current customer trends • Review of non inventory suppliers to ensure value is still being obtained. • Communication with Key suppliers on business recovery post COVID interruption.
Debt holders	• Future success of the business ensuring covenants are met	• Debt holders are represented on the Board • Senior finance individuals host quarterly updates with debt holders	• Receive a monthly financial pack • Receive a more detailed quarterly update regarding historical and future performance • Request to potentially assist in mitigating any future issues in covenant compliance • An amended and extended Senior Facility Agreement was signed in the post balance sheet period.

Section 172 statement (continued)

Pension Trustees	• Ensure that the pensioners are fairly treated • Regular updates on performance and strategy of the business. • Move towards self-sufficiency for funding the scheme in the medium term.	• Trustees meeting takes place every quarter attended by the CFO who is the company appointed trustee • Regular communication with the Trustees on specific issues	• Agreed a method and timeline for GMP equalisation • Monitored and assessed the funding position in line with medium term projections • Reviewed the hedging and investment strategy and approve trades to execute the strategy • Monitor the performance of the administrator of the scheme
Community and environment	• Impact of our operations • Support to local economy • Ethical and responsible business practice	• Selected Modern Slavery as an effective cause to support. • Regular review of suppliers to ensure that they are meeting the ethical code Liberty requires.	• Highlight a chosen modern slavery charity on the website and allow customers to make donations to that charity • Continued roll out of supplier reviews with focus this year on ethically sourced cotton.

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

On behalf of the Board

Adil Mehboob-Khan
Director

30 November 2022

Directors

The Directors of the company who were in office during the period and up to the signing date of the financial statements, unless otherwise stated, were:

Marco Anatriello
Marco Capello
Emilio Di Spiezio Sardo
Abdul Wahab Saud Albabtain
Enrico Letta (resigned 14 March 2021)
Adil Mehboob-Khan
Massimo Saracchi
Robert Unsworth
Chi Chung Cheung
Carlo Pirzio-Biroli

Financial risk management and principal risks and uncertainties

Details of future developments, financial risk management, principal risks and uncertainties and post balance sheet events can be found in the Strategic Report on pages 4 to 11 and form part of this report by cross- reference.

Directors' indemnities

The Company maintains Directors' and Officers' qualifying third party indemnity insurance, which provides appropriate cover for any legal action brought against its Directors. Qualifying indemnity insurance was in force throughout the period and remains in force as at the date of signing the financial statements.

Results and dividend

The Group generated a loss before taxation of £7,165,000 (2021: £23,088,000). The Directors do not recommend the payment of a dividend (2021: £nil).

Going Concern

The Directors confirm that having reviewed the Group and parent company cash requirements for a period of fourteen months from the date of signing these financial statements, they have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence and to meet their liabilities as and when they fall due. The Group have confirmed that, if required, they will continue to support the parent company such that it can meet all of its liabilities as and when they fall due. The Directors have accordingly adopted the going concern basis in preparing these financial statements.

The group has adjusted to trading in the post COVID-19 environment and aligned strategies to changing consumer behaviours, whilst also considering other risks such as inflationary issues, Brexit and Interest rate increase. The Group decided to extend its detailed short term plans to a 2 year view, from the balance sheet date, which considers the above and allows the directors to make more informed decision regarding the current obligations that the group faces. This plan formed the basis of investments the group was willing to make to ensure it could still meet its obligations in the 2 year horizon while sensitising for any downturns. At the point of signing 14 months remained to the end of this 2 year plan and as such was still valid in its use for ascertaining a going concern basis for the group.

Going Concern (continued)

As a result of the initial impact of the COVID-19 pandemic in July 2020, the group gained access to a £15,000,000 loan under the UK government Coronavirus Large Business Interruption Loan Scheme ("CLBILS"), which was to be repaid over a three-year period. While this loan was accessed in the early stages of the pandemic, an extended period of store closure and slower recovery meant re-engaging with lenders in April 2021 to allow for amendments to the finance agreement, which included the following:

- Access to a further £3,000,000 from the Coronavirus Large Business Interruption Loan Scheme ("CLBILS") for a four month period between July 2021 and October 2021 to aid investment in working capital for the Christmas sales period .
- Lenders allowing deferral of contractual debt repayments of £5,000,000 that were due in January 2022 under the July 2020 finance agreement and agreeing to convert an element of future interest payments into debt to aid the cash flow of the group.
- The existing shareholders increased their committed equity support to £10,000,000 and £6,000,000 was injected in April 2021 through the issue of 2,400,000 new preference shares at a nominal value of £2.50. The residual £4,000,000 remains contractually committed but undrawn.
- Leverage covenants have been waived until April 2023 and the liquidity covenant has remained at £4,000,000 until the end of January 2022 and then reduces back to £3,000,000 thereafter. While the leverage covenant has been waived, this has been replaced by a quarterly minimum EBITDA test that commences from January 2022 until January 2023. The minimum EBITDA allowed at the end of January 2022 is £6,000,000 rising in quarterly increments to £15,000,000 as at January 2023. The group are permitted call the committed the remaining £4,000,000 of shareholder funds in order to cure the liquidity and EBITDA covenants.

In the post balance sheet period after reviewing the obligations due under the April 2021 finance agreements and the pace of recovery currently planned the group re engaged with the lenders specifically on impending repayment of the final £10,000,000 of the CLIBLS loan that is due in July 2023. After being advised that an extension on the payment deadline is not allowed under the rules of the CLIBLS loan the group entered into an amended finance agreement on 30th September 2022 which included the following :

- Upon repayment of the final £10,000,000 tranche of the original £15,000,000 CLIBLS loan in July 2023 the group will have access to a new 6 month RCF facility with a value of £5,000,000 for a period of 6 months.
- Lenders have agreed for elements of future interest payment to be converted into debt
- The group also agreed an extension of existing facilities. The RCF facility now expires in October 2024 compared to July 2023 and the Senior Debt now expires in January 2025 compared to January 2024

While the UK government's stance on the management of COVID-19 has softened since April 2022, the group remains aware that orders like work from home or even circuit breaker lockdowns are still a possibility especially as seen over the Winter in 2021. The group has modelled the impact of these orders and still remains inside covenants set by the finance agreement.

The more important risk factors that may affect the short term plans for the group arise around pace of recovery and changing consumer behaviour especially in the light of Inflation level and the rising interest rates that the Bank of England are using to control inflation.

Numerous downside scenarios that were severe but plausible in nature were run over the period ending January 2024, these scenarios included softer revenues generated than planned, double digit inflationary pressures on the cost base and increases to the UK interest rate.

The groups covenant requirements were tested against these downside scenarios and while there was enough headroom on the covenant requirement if a combination of these downs side scenarios were to happen the group may have to consider calling on the contracted £4,000,000 remaining shareholder commitment to ensure the headroom.

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

As a result of the actions above and the revised financing agreement signed in September, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for the period to 27 January 2024 from the date of signing these financial statements and therefore adopt the going concern assumption in the preparation of these financial statements.

Post balance sheet events

In the post balance sheet period after reviewing the obligations due under the April 2021 finance agreements and the pace of recovery currently planned the group re engaged with the lenders specifically on impending repayment of the final £10,000,000 of the CLIBLS loan that is due in July 2023. After being advised that an extension on the payment deadline is not allowed under the rules of the CLIBLS loan the group entered into an amended finance agreement on 30th September 2022 which included the following :

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- Lenders have agreed for elements of future interest payment to be converted into debt.
- The group also agreed an extension of existing facilities. The RCF facility now expires in October 2024 compared to July 2023 and the Senior Debt now expires in January 2025 compared to January 2024.

Employment (including disabled employees)

Employee engagement and development

We pride ourselves at Liberty with a culture of openness and transparency with colleagues and over the last two years have been building up a programme of communication from the Leadership Team through monthly videos presented by the CEO. As part of these interactions, employees are made aware of the current state of the business and the future plans of the Group.

It is Group policy to keep employees informed of the strategy, activities and financial performance of the Group and to encourage them to take a wider interest in its affairs. This is achieved in a variety of ways, including electronic media, operational reporting, personal and Group briefing sessions, as well as consultation with employees or their representatives on a regular basis so that their views can be taken into account in making decisions likely to affect their interests. Communication is supplemented by a publication tool including "Yammer", an enterprise social network and the quarterly "Liberty Forum" led by the senior management team.

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

The Group is an equal opportunities employer and is committed to developing a working culture which enables all employees to make their own distinctive contribution. Employment policies are designed to be fair, equitable and consistent with the abilities of the employees and the needs of the Group. Applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of any member of staff becoming disabled, effort would be made to enable their employment with the Group. It is the policy of the Group that the training, development and promotion of disabled persons should, as far as possible, be the same as to that of other employees. The health and safety of employees is important to the Group and reviewed periodically in light of good practice and developing legislation.

Environmental responsibility and health and safety

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

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

Environmental responsibility and health and safety (continued)

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

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

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

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

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

Environmental impact – energy consumption and greenhouse gas emissions

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

Utility and Scope	2021/22 consumption (KWh)	2021/22 consumption (tCO2e)	2020/21 consumption (KWh)	2020/21 consumption (KWh)
Gaseous and other fuels (scope 1)	109,902	20.13	164,324	30.21
Grid supplied electricity (scope 2)	2,806,252	589.76	2,478,653	577.87
Transport fuels energy consumption	2,746	0.66	1,675	0.40
TOTAL	2,918,900	610.56	2,644,652	608.49

Emissions intensity

Intensity Metric	2021/22 tCO2e/1000m2	2020/21 tCO2e/1000m2
Intensity metric - total floor area	40.24	38.20

LIBERTY ZETA LIMITED

DIRECTORS' REPORT
for the 52 week period ended 29 January 2022

Environmental responsibility and health and safety (continued)

The above data reflects consumption of sites where the company has the ability to influence energy management. Data is not reported where the company has limited or no ability to influence energy management (for example for concessions with the store). Scope 1 and 2 consumption, CO2e emission data and the Emission Factor Database used are considered with the 2021 UK government environmental reporting guidance, using the current published KWh gross calorific value (CV) and KgC02e relevant for the year under review..

We are committed to year on year improvements in our operational energy efficiency. Examples of efficiency measures undertaken during the period include the refurbishment of the head office and the adoption of sensor lighting.

Section 172 statement

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

Statement as to disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Re-appointment of auditor

Ernst & Young LLP were appointed as auditor of the Company for the period ended 29 January 2022 and have expressed their willingness to continue in office.

On behalf of the Board

Adil Mehboob-Khan
Director

30 November 2022

DIRECTORS RESPONSIBILITIES STATEMENT
for the 52 week period ended 29 January 2022

Statement on Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance UK Adopted International Accounting Standards in conformity with the Companies Act 2006. Under company law the directors must not approve the group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, changes in accounting estiamtes and errors and then apply them consistently:
- make judgements and accounting estimates that are reasonable and prudent
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK Adopted International Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance;
- in respect of the group financial statements, state whether UK Adopted International Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether UK Adopted International 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 appropriate to presume that the company and / or the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006 and with respect to the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Opinion

We have audited the financial statements of Liberty Zeta Limited ('the parent company') and its subsidiaries (the 'group') for the 52 week period ended 29 January 2022, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and parent company statements of financial position consolidated and parent company statements of changes in equity, consolidated and parent company cash flow statements, the related notes 1 to 23 to the consolidated financial statements including a summary of significant accounting policies and the related notes 1 to 10 to the parent company financial statements including a summary of significant accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and UK Adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 29 January 2022 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK Adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK Adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 14 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements, and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion

The extent to which our procedures are capable of detecting irregularities, including fraud is explained below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company and determined that the most significant are those that relate to the reporting framework (UK Adopted International Accounting Standards and the Companies Act 2006), the relevant direct and indirect tax compliance regulation in the United Kingdom, employment laws in the relevant jurisdictions and reporting obligations in the UK including the Modern Slavery Act. In addition, the group has to comply with laws and regulations relating to its operations, including health and safety, data protection and anti-bribery and corruption.

- We understood how the Group and Parent Company comply with those frameworks by making enquiries of management and those charged with governance to understand how the group maintains its policies and procedures in these areas and corroborated this by reviewing supporting documentation such as the Code of Conduct.

- We obtained the Fraud and Corruption Perceptions Index rating for all in-scope international components noting that no components were in higher risk locations. The audit engagement partner reviewed the deliverables of all in scope component teams and was involved in discussions with the component team engagement partners.

- We communicated our identified fraud risk to all component teams and evaluated the sufficiency of their procedures

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.

- We incorporated data analytics into our testing of revenue and manual journals. We performed audit procedures to address the fraud risk, including testing manual journals which were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error. We tested specific transactions back to source documentation or independent confirmations as appropriate.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reviewing minutes from the Board of Directors enquiries of management, engaging our forensics specialists and journal entry testing, with a focus on manual journals and journals indicating significant unusual transactions identified by specific risk criteria based on our understanding of the business.

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

Use of our report

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

Ernst & Young LLP

Zishan Nurmohamed (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30/11/2022

CONSOLIDATED INCOME STATEMENT
for the 52 week period ended 29 January 2022

	Note	52 week period ended 29 January 2022	52 week period ended 30 January 2021 (Restated)
		£'000	£'000
Revenue	2	**149,601**	117,397
Cost of sales		**(66,088)**	(60,372)
Gross profit		**83,513**	57,025
Selling and distribution costs		**(68,941)**	(55,619)
Administrative expenses		**(10,202)**	(10,478)
Exceptional costs	3	**(1,433)**	(3,609)
Operating profit/(loss)	3	**2,937**	(12,681)
Finance income	5	**964**	237
Finance expenses	5	**(11,066)**	(10,644)
Loss before tax		**(7,165)**	(23,088)
Taxation	6	**(1,147)**	2,774
Loss for the financial period		**(8,312)**	(20,314)
Attributable to:			
Equity shareholders of the Company		**(8,312)**	(20,314)
Loss for the financial period		**(8,312)**	(20,314)

All results relate to continuing operations. The notes on pages 24 to 61 form part of these financial statements.

LIBERTY ZETA LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 52 week period ended 29 January 2022

	Note	52 week period ended 29 January 2022 £'000	52 week period ended 30 January 2021 (Restated) £'000
Loss for the period		**(8,312)**	(20,314)
Other comprehensive (expense)/income:			
Items that may be reclassified to the income statement			
Foreign exchange translation differences for foreign operations		**(1,497)**	513
Fair value movement on cash flow hedge		**-**	104
Items that will not be reclassified to the income statement			
Actuarial gains/(losses) on defined benefit pension plan due to assumption changes	10	**2,475**	(576)
Return on scheme assets below/(in excess of) that recognised in net interest		**(1,306)**	1,021
Deferred tax charge on defined benefit pension scheme		**(211)**	(57)
Total other comprehensive (expense)/income for the period		**(8,851)**	(19,309)
Attributable to:			
Equity shareholders of the Company		**(8,851)**	(19,309)
Total comprehensive (expense)/income for the period		**(8,851)**	(19,309)

The notes on pages 24 to 61 form part of these financial statements.

LIBERTY ZETA LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 29 January 2022

	Note	29 January 2022 £'000	30 January 2021 (Restated) £'000	1 February 2020 (Restated) £'000
Assets				
Non-current assets				
Intangible assets	7	**158,102**	159,099	157,684
Property, plant and equipment	8	**27,915**	26,555	24,118
Right of use assets	9	**54,738**	58,345	61,856
Deferred tax asset	14	**21,583**	14,182	8,072
Employee defined benefit asset	10	**3,657**	2,877	2,343
		265,995	261,058	254,073
Current assets				
Inventories	11	**35,252**	28,382	35,711
Trade and other receivables	12	**14,621**	19,777	18,473
Tax recoverable	13	**-**	310	144
Cash and cash equivalents		**22,240**	12,578	12,229
		72,113	61,047	66,557
Total assets		**338,108**	322,105	320,630
Equity and liabilities				
Equity				
Share capital	20	**956**	932	932
Share premium	20	**106,605**	100,629	100,629
Capital redemption reserve		**104**	104	104
Share based payment reserve		**545**	333	-
Translation reserve		**(722)**	775	262
Cash flow hedge reserve		**-**	-	(104)
Retained earnings		**(3,327)**	4,027	23,953
Total Equity		**104,161**	106,800	125,776
Non-current liabilities				
Loans and borrowings	16	**92,301**	90,860	70,033
Lease liabilities	9	**58,182**	60,168	61,955
Provisions	18	**188**	194	355
Share based payment liability	19	**279**	186	811
Employee benefit liabilities	10	**657**	680	748
Deferred tax liability	14	**29,543**	22,647	20,534
		181,150	174,734	154,436
Current liabilities				
Trade and other payables	15	**41,423**	35,931	37,285
Loans and borrowings	16	**8,723**	2,263	1,219
Tax payable	13	**364**	310	159
Lease liabilities	9	**2,287**	2,066	1,755
		52,797	40,570	40,418
Total liabilities		**233,947**	215,304	194,854
Total equity and liabilities		**338,108**	322,105	320,630

The financial statements on pages 19 to 23 were approved by the Board of Directors on 30 November 2022 and signed on its behalf by:

Adil Mehboob-Khan
Director

LIBERTY ZETA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 29 January 2022

	Share capital	Share premium	Capital Redemption Reserve	Share Based Payment Reserve	Translation reserve	Cash flow Hedge Reserve	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 February 2020 (previously reported)	**101,561**	**-**	**104**	**-**	**262**	**(104)**	**22,366**	**124,189**
Impact of prior year adjustments	-	-	-	-	-	-	1,587	1,587
Reclassification	(100,629)	100,629	-	-	-	-	-	-
Balance at 1 February 2020 (Restated)	**932**	**100,629**	**104**	**-**	**262**	**(104)**	**23,953**	**125,776**
Loss for the financial period (restated)	-	-	-	-	-	-	(20,314)	(20,314)
Other comprehensive income	-	-	-	-	513	104	388	1,005
Total comprehensive expense	-	-	-	-	513	104	(19,926)	(19,309)
Share based payment	-	-	-	333	-	-	-	333
Balance at 30 January 2021 (restated)	**932**	**100,629**	**104**	**333**	**775**	**-**	**4,027**	**106,800**
Loss for the financial period	-	-	-	-	-	-	(8,312)	(8,312)
Other comprehensive income	-	-	-	-	(1,497)	-	958	(539)
Total comprehensive expense	-	-	-	-	(1,497)	-	(7,354))	(8,851)
Share based payment	-	-	-	212	-	-	-	212
Issue of preference shares	24	5,976	-	-	-	-	-	6,000
Balance at 29 January 2022	**956**	**106,605**	**104**	**545**	**(722)**	**-**	**(3,327)**	**104,161**

The notes on pages 24 to 61 form part of these financial statements.

LIBERTY ZETA LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the 52 week period ended 29 January 2022

	Notes	52 week period ended 29 January 2022 £'000	52 week period ended 30 January 2021 (Restated) £'000
Loss for the financial period		**(8,312)**	(20,314)
Taxation	6	**1,147**	(2,774)
Loss before taxation		**(7,165)**	(23,088)
Adjustments to reconcile loss for the period to net cash flows			
Amortisation of intangible assets	7	**2,218**	2,821
Finance expenses	5	**11,066**	10,644
Exceptional cost - goodwill impairment	7	**545**	-
Other exceptional costs	7	**888**	3,609
Share based payment charge	19	**305**	(292)
Finance income	5	**(964)**	(237)
Depreciation of property, plant and equipment	8	**5,220**	4,853
Depreciation of right of use asset	9	**4,130**	4,096
Cash flows from operating activities			
Change in inventories		**(6,870)**	7,329
Change in trade and other receivables		**5,156**	(1,304)
Change in trade and other payables		**5,493**	(1,355)
Tax paid		**(653)**	(1,314)
Payment of exceptional costs		**(888)**	(2,597)
Defined benefit pension contributions		**(18)**	(514)
Net cash generated from operating activities		**18,463**	2,651
Cash flows from investing activities			
Interest received	5	**2**	1
Purchase of property, plant and equipment	8	**(7,978)**	(6,706)
Purchase of intangible assets	7	**(733)**	(4,358)
Net cash used investing activities		**(8,709)**	(11,063)
Cash flows from financing activities			
Interest paid		**(4,346)**	(4,851)
Proceeds from the issue of preference share capital	20	**6,000**	-
Proceeds from the drawdown of borrowings		**7,188**	23,091
Repayment of borrowings		**(869)**	(1,105)
Debt finance costs		**(136)**	(166)
Draw down on new finance lease liabilities		**-**	123
Payment of lease liabilities	9	**(5,090)**	(5,206)
Payment of finance lease liabilities		**(617)**	(624)
Net cash flows from financing activities		**2,130**	11,262
Opening cash and cash equivalents		**12,578**	12,229
Net increase in cash and cash equivalents		**11,884**	2,850
Effect of exchange rate fluctuations on cash held		**(2,222)**	(2,501)
Closing cash and cash equivalents		**22,240**	12,578

The notes on pages 24 to 61 form part of these financial statements.

LIBERTY ZETA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the 52 week period ended 29 January 2022

1. ACCOUNTING POLICIES

The consolidated financial statements and parent company financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. Liberty Zeta Limited is the largest and smallest undertaking for which consolidated Group financial statements are prepared.

The following accounting policies have been applied consistently in dealing with items that are considered material to the financial statements.

Basis of preparation

The Group financial statements consolidate those of the Company and its subsidiaries. The parent company financial statements present information about the Company as a separate entity and do not include information pertaining to the rest of the Group. Liberty Zeta Limited is the only level at which the Group consolidates its results.

These consolidated financial statements are presented in UK Sterling, which is the Company's functional currency. All financial information has been rounded to the nearest thousand pounds or as indicated throughout.

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention modified by revaluation of financial assets and liabilities held at fair value through profit and loss. The accounting policies set out below have, unless otherwise stated, been applied consistently.

(a) Statement of Compliance

These financial statements have been prepared and approved by the directors in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements. The Company's loss for the year was £119,000 (2021 (restated): loss of £12,000).

Correction of prior year errors

The following prior year adjustments were identified and corrected in the prior year comparative financial information (an adjustment reference is in brackets following the narrative):

	52 week period ended 30 January 2021 £'000
IFRS 2 - share based payment previously not recognised (1)	(292)
IFRS 16 - change in discount rate and impact of previously unrecognised leases (2)	327
Incorrect capitalisation of restoration costs (3)	510
Change in accounting policy in relation to IT service contracts (4)	53
Cumulative tax impact of the above (5)	1,020
Increase in loss/(profit) for the year arising from prior year adjustments	**1,618**
Loss/(profit) for the financial period (previously reported)	18,696
Loss/(profit) for the financial period (restated)	20,314

The following income statement reclassification misstatements were also identified and corrected:

- Exceptional costs of £3,609k that were not previously, separately classified and were included in administrative expenses (6)
- Other operating income of £1,454k that should have formed part of revenue (7)

1. ACCOUNTING POLICIES (continued)

Correction of prior year errors (continued)

The impact to the statement of comprehensive income on a line item basis is summarised below:

	Previously reported	Impact of prior year adjustments	Restated	Adjustment
Revenue	115,943	1,454	117,397	7
Administrative expenses	13,487	(3,230)	10,257	1,3,4,6
Exceptional costs	-	3,609	3,609	6
Other operating income	1,454	(1,454)	-	7
Finance expenses	10,256	388	10,644	2
Tax credit	3,794	1,020	2,774	5

The following statement of financial position reclassification misstatements were also identified and corrected:

- Inappropriate set-off of deferred tax assets and liabilities arising from different jurisdictions (21: £10,318k – 20: £6,074k) (8)
- Inappropriate set-off of pension liabilities and assets arising from different jurisdictions (21: £681k – 20: £748k) (9)
- Inappropriate set-off of current tax assets and liabilities arising from different jurisdictions (21: £310k – 20: £144k) (10)
- Reclassification of prepaid rent to right of use asset (21: £441k – 20: £421k) (11)
- Reclassification of various reserves from share capital and other reserves into share premium, capital redemption reserve and translation reserve (12)
- Impact of inappropriate recognition of £150k of sales and £35k of cost of sales in FY20 (13)

The impact on the consolidated statement of financial position is set-out below:

52 week period ended 30 January 2021	As previously reported	Impact of corrections	Reclassifications in the balance sheet	Restated	Adjustment
Intangible assets	159,274	(175)	-	159,099	3,4
Property, plant and equipment	27,189	(634)	-	26,555	3,4
Right of use assets	53,249	4,676	441	58,345	2,11
Deferred tax asset	-		14,182	14,182	5,8
Employee defined benefit asset	2,196	-	681	2,877	9
Trade and other receivables	20,197	-	(441)	19,777	11
Tax recoverable	-	-	310	310	10
Share capital	101,561	-	(100,629)	932	12
Share premium	-	-	100,629	100,629	12
Capital redemption reserve	-	-	104	104	12
Share based payment reserve	-	(333)	-	(333)	1
Translation reserve	-	-	(775)	(775)	12
Retained earnings	(4,115)	88	-	(4,027)	1-5,13
Other reserves	(879)	-	879	-	12
Lease liabilities - Non-current	(55,058)	(5,110)	-	(60,168)	2
Share based payment liability	-	(186)	-	(186)	1
Employee defined benefit liability	-	-	(680)	(680)	9
Deferred tax liability	(10,519)	2,054	(14,182)	(22,647)	5,8
Trade and other payables	(35,814)	(116)	-	(35,930)	13
Tax payable	-	-	(310)	(310)	10
Lease liabilities - current	(1,801)	(265)	-	(2,066)	2

1. ACCOUNTING POLICIES (continued)

Correction of prior year errors (continued)

52 week period ended 1 February 2020	As previously reported	Impact of corrections	Reclassifications	Restated	Adjustments
Tangible fixed assets	24,363	(245)	-	24,118	3,4
Right of use assets	56,579	4,856	421	61,856	2,11
Deferred tax asset	-	1,998	6,074	8,072	5,8
Employee defined benefit asset	1,595	-	748	2,343	9
Trade and other receivables	18,691	-	(218)	18,473	11
Tax recoverable	-	-	144	144	10
Share capital	101,561	-	(100,629)	932	12
Share premium	-	-	100,629	100,629	12
Capital redemption reserve	-	-	104	104	12
Translation reserve	-	-	262	262	12
Cash flow hedge reserve	-	-	(104)	(104)	12
Retained earnings	(22,366)	(1,587)	-	(23,953)	1-5,13
Other reserves	262	-	(262)	-	12
Lease liabilities - Non-current	(56,725)	(5,230)	-	(61,955)	2
Other financial liabilities	(104)	-	104	-	
Share based payment liability	-	(811)	-	(811)	1
Employee defined benefit liability	-	-	(748)	(748)	9
Deferred tax liability	(15,593)	1,133	(6,074)	(20,533)	5,8
Trade and other payables	(36,864)	(115)	(307)	(37,286)	13
Tax payable	(15)	-	(144)	(159)	10
Lease liabilities - current	(1,755)	-	-	(1,755)	2

Going concern

The Directors confirm that having reviewed the Group and parent company cash requirements for a period of fourteen months from the date of signing these financial statements, they have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence and to meet their liabilities as and when they fall due. The Group have confirmed that, if required, they will continue to support the parent company such that it can meet all of its liabilities as and when they fall due. The Directors have accordingly adopted the going concern basis in preparing these financial statements.

The group has adjusted to trading in the post COVID-19 environment and aligned strategies to changing consumer behaviours, whilst also considering other risks such as inflationary issues, Brexit and Interest rate increase. The Group decided to extend its detailed short term plans to a 2 year view, from the balance sheet date, which considers the above and allows the directors to make more informed decision regarding the current obligations that the group faces. This plan formed the basis of investments the group was willing to make to ensure it could still meet its obligations in the 2 year horizon while sensitising for any downturns. At the point of signing 14 months remained to the end of this 2 year plan and as such was still valid in its use for ascertaining a going concern basis for the group.

As a result of the initial impact of the COVID-19 pandemic in July 2020 the group gained access to a £15,000,000 loan under the UK government Coronavirus Large Business Interruption Loan Scheme ("CLBILS"), which was to be repaid over a three-year period. While this loan was accessed in the early stages of the pandemic, an extended period of store closure and slower recovery meant re-engaging with lenders in April 2021 to allow for amendments to the finance agreement, which included the following:

- Access to a further £3,000,000 from the Coronavirus Large Business Interruption Loan Scheme ("CLBILS") for a four month period between July 2021 and October 2021 to aid investment in working capital for the Christmas sales period .
- Lenders allowing deferral of contractual debt repayments of £5,000,000 that were due in January 2022 under the July 2020 finance agreement and agreeing to convert an element of future interest payments into debt to aid the cash flow of the group.
- The existing shareholders increased their committed equity support to £10,000,000 and £6,000,000 was injected in April 2021 through the issue of 2,400,000 new preference shares at a nominal value of £2.50. The residual £4,000,000 remains contractually committed but undrawn.

1. ACCOUNTING POLICIES (continued)

Going concern (continued)

While the UK government's stance on the management of COVID-19 has softened since April 2022, the group remains aware that orders like work from home or even circuit breaker lockdowns are still a possibility especially as seen over the Winter in 2021. The group has modelled the impact of these orders and still remains inside covenants set by the finance agreement.

The more important risk factors that may affect the short term plans for the group arise around pace of recovery and changing consumer behaviour especially in the light of Inflation level and the rising interest rates that the Bank of England are using to control inflation.

Numerous downside scenarios that were severe but plausible in nature were run over the period ending January 2024, these scenarios included softer revenues generated than planned, double digit inflationary pressures on the cost base and increases to the UK interest rate.

The groups covenant requirements were tested against these downside scenarios and while there was enough headroom on the covenant requirement if a combination of these downs side scenarios were to happen the group may have to consider calling on the contracted £4,000,000 remaining shareholder commitment to ensure the headroom.

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

As a result of the actions above and the revised financing agreement signed in September, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for the period to 27 January 2024 from the date of signing these financial statements and therefore adopt the going concern assumption in the preparation of these financial statements.

Changes in accounting policy and disclosures
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

1. ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

Use of estimates and judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Judgements:

- Carrying value of goodwill - an area of judgement is the number of CGUs. The CGUs have not been changed from the previous financial year; being the Retail Business, Wholesale business and Christy's; with each of these units continuing to operate using separate key platforms.

- Exceptional items – are those items that the Group considers to be material in nature and out of the normal course of business that should be brought to the reader's attention in understanding the Group's financial performance. See Note 3.

Estimates:

- Defined Benefit Obligations - Within the defined benefit obligation, there are estimates used in relation to inflation rates, life expectancy and asset volatility. A change in these assumptions and estimates would result in a change to the obligation. Actuarial experts have been used to determine the estimates and these are reviewed at the balance sheet date. See note 10;

- Impairment - the assumptions used to assess value in use for impairment testing of the Group's intangible assets and goodwill i.e. growth rate, discount rate and sales and margin assumptions. See note 7;

- Inventory - the assumptions used to assess the net realisable value of inventory i.e. assessment by season and obsolescence. Estimates are based on historical trends and post year end trading performance. See note 11;

- Leases - the assumptions in applying discount rates and in assessing options to extend and break clauses to cashflows in order to calculate the right of use asset and lease liability. The discount rate is based on the incremental borrowing rate. A change in discount rate or options would result in a change in the asset and liability recorded within the financial statements. See note 9;

- Sales returns – the company sells retail products with the right of return and experience is used to estimate and provide the value of such returns. Management reviewed the methodology and key assumptions used in determining the sales return provision, such as our returns policy, actual sales, actual returns % for both store and web, and the past utilisation of the provision, as well as the sensitivity of these assumptions when reviewing the appropriateness of the provision. Management are satisfied that the assumptions used and the period end provision were reasonable.

1. ACCOUNTING POLICIES (continued)

Use of estimates and judgements (continued)

- Taxation - Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has £7,960,000 (2021 (restated): £12,340,000) which comprises of the origination and reversal of timing differences, adjustments in respect of prior periods and the effect of tax rate changes. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by £3,073,000. Further details on taxes are disclosed in Note 6.

- Share based payment - Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a Monte-Carlo simulation to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a Monte-Carlo simulation. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19.

- Development costs - The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. This amount includes significant investment in the development of IT systems and Design Archive, disclosed in Note 7.

Basis of consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Dilution gains and losses on increases in minority interests, where no change of control results, are recognised directly in equity. Where necessary, accounting policies of subsidiaries are changed on acquisition to align them with the policies adopted by the Group. Intra-Group balances and transactions and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

Where necessary, adjustments are made to the information included in the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group, in order to reflect that information on a consistent basis with the rest of the Group. Subsidiaries are entities controlled by the Group. Control is achieved when the Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee.

Foreign currency

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

1. ACCOUNTING POLICIES (continued)

Foreign currency (continued)

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at the foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated at an average rate for the period where this rate approximates the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations and non-monetary assets/liabilities are taken directly to the translation reserve.

Financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

1. ACCOUNTING POLICIES (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

1. ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Debt instruments at fair value through OCI
- Trade receivables

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition

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

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

1. ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Offsetting of financial instruments

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

Non-derivative financial instruments comprise: trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade receivables are initially recognised at fair value and measured for expected credit losses. A provision for impairment of trade receivables is also established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The movement in the provision is recognised in the income statement Trade payables, defined as financial liabilities in accordance with IFRS 9, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. All of the trade payables are non-interest bearing.

Subsidiary companies

The subsidiary undertakings of the Company are all engaged in retail activities, fabric printing, wholesale distribution or licensing activities, or act as intermediary holding, financing or management companies for such operations. Details of the Company's subsidiary undertakings are set out in note 2 of the Parent Company's financial statements.

Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.
Goodwill is measured at cost less impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Intangible Assets

The Group classifies intangible assets into the following categories: Brands, Design Archive, Customer Relationships and Concession Agreements.

Brands

In accordance with IFRS 3, brands acquired by the Group are initially included in the financial statements at their fair value. An annual impairment assessment of the useful life of the brands is performed at the end of each financial period. Where this reveals a surplus, the value of the brand is retained, where it reveals a deficit, the brand is written down and the deficit is charged to the income statement. Subsequent expenditure on the brand is recognised in the income statement when incurred.

The Directors consider that the Group's brand has an indefinite useful life due to the durability of its underlying businesses which has been demonstrated for over 100 years.

Intangible Assets

Design Archive - acquired

The intangible design archive acquired by Liberty Zeta upon acquisition consists of intellectual property which has been used to inspire new designs and leverage the Liberty brand. The acquired Design Archive has been considered to have an indefinite useful life as the Group continues to use and leverage the fabric designs to generate sales and profits. This is tested for impairment annually in line with IFRS.

1. ACCOUNTING POLICIES (continued)

Intangible Assets (continued)

Design Archive - internally generated

The Company adds to its digital design archive each period with new seasonal, capsule and bespoke collections created by the in house design team or purchased from independent artists. The costs associated with these new designs, being salaries and other directly attributable development costs are capitalised in line with the internally generated intangible asset policy detailed below:

Research costs are expensed as incurred.

Development expenditure on an individual project is recognised as an intangible asset when the company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use
- it will generate future economic benefits
- the availability of resources to complete the asset and;
- the ability to measure reliably the expenditure during development

Following the initial recognition of the development expenditure, intangible assets are stated at cost. The internally generated Design Archive has been considered to have an indefinite useful life as the Group continues to use and leverage the fabric designs to generate sales and profits. This is tested for impairment annually in line with IFRS.

Assets under construction are not amortised.

Customer Relationships

The Group has identifiable customer relationships within the Fabrics division. These relationships have an identifiable income stream generated from the customer and a continued expectation that the relationship will be renewed. These customer relationships are ongoing and are considered to have a useful life of 11 years.

Concession Agreements

The Group has a number of contractual agreements in place with concession providers in the Retail Flagship store. These contractual relationships typically last for one year but many have been in place for a number of years after renewals. The concession agreements are considered to have a useful life of 8 years.

Computer Software

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

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

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

Impairment

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

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

1. ACCOUNTING POLICIES (continued)

Impairment (continued)

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost of property, plant and equipment, less residual amounts, using the straight line method, over their following estimated useful lives:

Plant and machinery	3 to 15 years
Fixtures and Fittings	5 to 10 years
Computer Equipment	3 to 5 years
Leasehold improvements	18 years

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

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

Heritage Assets and Tangible Design Archive

Heritage assets consist of a silverware, paintings and furniture. The Group's tangible design archive consists of artwork, printers' impressions, pattern books and fabric swatch books. The design archive is deemed to have an indefinite useful life and the Group continues to use the archive to inspire fabric designs, which generate sales and profit. The Group's heritage assets are tangible assets with historical and artistic qualities and consist of silverware, paintings and furniture. These are deemed to have an indefinite useful life and are tested for impairment annually in line with IFRS.

Employee benefits

Defined contribution plans

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

1. ACCOUNTING POLICIES (continued)

Defined benefit plans

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

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

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

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

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

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

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

Provisions

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

1. ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the standard cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

Revenue

Revenue is measured at the fair value of consideration received or receivable and represents

eivable for goods provided in the normal course of business, net of staff discounts and is stated net of value added tax and other sales-related taxes. Revenue from the sale of goods is recognised when a customer obtains control of a good and thus has the ability to direct the use and obtain the benefits from the good.

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

Breakage revenue from gift vouchers and gift coins sold by the Group is recognised based on historic redemption rates and subsequently on redemption of the gift voucher or gift coin.

Customer incentives are recognised as a performance obligation as they arise and are deducted from revenue in the period in which they are accrued.

It is the Group's policy to sell its retail products to the end customer with a right of return. Accumulated experience is used to consider the need for a provision for such returns on an annual basis.

The company has concluded that it is the principal in its revenue arrangements excluding commissions earned from concessions sales as it controls the services and is responsible for risk associated with the service before transfer to the customer.

Expenses

Cost of sales

Cost of sales comprises the cost of goods sold, together with the direct costs incurred in managing and operating the Group's operating activities.

Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the Group's ordinary activities.

Finance income and expenses

Financing expenses comprise interest expense, the amortisation of deferred financing costs, net fair value losses on derivatives and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

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

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes. In accordance with IAS12, deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the reporting date, that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the reporting date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence it can be regarded as more likely than not, that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Leases

Leases are recognised on the statement of financial position with both an asset and liability. At inception, the asset and liability are of equal value.

Operating leases of low value or short term leases are recorded as an expense in the income statement as they are incurred, taken as an IFRS 16 practical expedient.

The Lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the incremental borrowing rate, on a portfolio basis. Lease liabilities are subsequently measured at amortised cost and are increased by the interest charge and decreased by the lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, or as appropriate, changes in the assessment of whether a renewal option is reasonably certain to be exercised or a break clause is reasonably certain not to be exercised. The Group have exercised judgement as to whether these should be used to determine the lease liability

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the Lease liabilities. The asset is depreciated on a straight line basis over the life of the lease.

Debt/equity

Under IAS 32, preference shares are classed as equity instruments in the financial statements as:

- the preference shares include no contractual obligation to deliver cash or another financial asset to another entity; and
- they include no contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

Treasury Shares

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2. REVENUE

The Group has disaggregated revenue into various categories in the following table which is intended to depict the nature, amount and timing of revenue and cash flows.

Selling channel	**Product types**		
52 week period ended 29 January 2022	**Liberty Brand**	**Other Brands**	**Total**
Liberty Retail	21,552	56,408	**77,960**
Liberty Fabrics	54,463	13,454	**67,917**
Other	2,019	1,705	**3,724**
Total revenue from contracts with customers	**78,034**	**71,567**	**149,601**

Geographical market*	**Product types**		
52 week period ended 29 January 2022	**Liberty Brand**	**Other Brands**	**Total**
United Kingdom	28,959	58,113	**87,072**
EMEA	19,927	13,454	**33,381**
APAC	21,725	-	**21,725**
Americas	7,423	-	**7,423**
Total revenue from contracts with customers	**78,034**	**71,567**	**149,601**

Selling channel	**Product types**		
52 week period ended 30 January 2021	**Liberty Brand**	**Other Brands**	**Total**
Liberty Retail	19,934	35,510	**55,444**
Liberty Fabrics	45,737	12,169	**57,906**
Other	2,201	1,846	**4,047**
Total revenue from contracts with customers	**67,872**	**49,525**	**117,397**

Geographical market*	**Product types**		
52 week period ended 30 January 2021	**Liberty Brands**	**Other Brand**	**Total**
United Kingdom	25,703	37,356	**63,059**
EMEA	16,098	12,169	**28,267**
APAC	21,245	-	**21,245**
Americas	4,826	-	**4,826**
Total revenue from contracts with customers	**67,872**	**49,525**	**117,397**

All revenue from contracts with customers is recognised on transfer of goods at a point in time. The performance obligations for each revenue stream are explained in the accounting policies in note 1. Trade receivables arising from revenue is included in note 12. Included within Liberty retail revenue is £884,000 (2021: £110,000) in relation to breakage.

*Based on the country of sale.

3. OPERATING PROFIT

	52 week period ended 29 January 2022	52 week period ended 30 January 2021 (restated)
The operating profit is stated after charging/(crediting) the following:	**£'000**	£'000
Depreciation-plant and equipment owned	**5,220**	4,853
Depreciation right of use assets	**4,130**	4,096
Amortisation of intangible assets	**2,218**	2,821
Auditors' remuneration:		
Audit of these financial statements	**182**	128
Audit of financial statements of subsidiaries	**200**	167
Non audit services	**-**	70
Exceptional items	**1,433**	3,609
Foreign exchange (gains)/ losses	**(915)**	369

3. OPERATING PROFIT (CONTINUED)

Exceptional items

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

Impairment of goodwill £545,000 (2021: £nil). Change in accounting policy in relation to Cloud Computing £nil (2021: £91,000). One off refurbishment costs in relation to the Flagship store £888,000 (2021: £510,000). Restructuring costs of £nil were incurred in the period as a result of a review of the business structure (2021: £1,257,000). Dual running costs of £nil were incurred in the period as result of the short-term Grosvenor Square office building lease. This project is now complete and as such, going forward, no further costs will be incurred (2021: £739,000). One off bad debt provision of £nil relating to potentially non-recoverable VAT in Italy (2021: £1,012,000).

4. STAFF COSTS AND NUMBER OF EMPLOYEES

The average monthly number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	52 week period ended 29 January 2022 Number	52 week period ended 30 January 2021 Number
Design and Production	**197**	178
Selling and distribution	**349**	375
Administration	**120**	134
	666	687

The aggregate payroll costs of the persons were as follows:

	52 week period ended 29 January 2022 £'000	52 week period ended 30 January 2021 (restated) £'000
Wages and salaries	**24,007**	23,573
Social security costs	**2,218**	2,051
Other pension costs	**1,024**	911
Share-based payment	**305**	(292)
Grant income	**(594)**	(3,000)
	26,960	23,243

In respect of the grant income, the group claimed amounts from HMRC in respect of the Coronavirus Job Retention Scheme (CRJS) totalling £594,000 (2021: £3,000,000).

Directors emoluments

Remuneration of £1,204,000 (2021: £1,073,000) was paid by subsidiary companies in respect of three (2021: three) Directors services. It is not possible to apportion these amounts for qualifying services to this company.

The highest paid Director received remuneration, including benefits, of £850,000 (2021: £749,000), including pension contributions of £28,000 (2021: £28,000). Retirement benefits were accruing to two directors (2021: one) in respect of defined contribution pension schemes.

No other fees were paid to Directors in respect to services provided (2021: nil).

5. FINANCE INCOME AND EXPENSES

Finance income arose as follows:	52 week period ended 29 January 2022 £'000	52 week period ended 30 January 2021 £'000
Finance income		
Interest income on cash deposits	**2**	1
Interest on pension scheme assets	**40**	42
Gain on translation of loan	**922**	-
Gain on termination of forward contracts	**-**	87
Other interest income	**-**	107
Total finance income for the period	**964**	237

	52 week period ended 29 January 2022 £'000	52 week period ended 30 January 2021 (restated) £'000
Finance expense		
Interest on loans	**(7,203)**	(6,278)
Amortisation of deferred finance costs	**(986)**	(753)
Loss on translation of loan	**-**	(369)
Lease liability interest	**(2,802)**	(3,145)
Overdraft interest expense	**(39)**	(60)
Other interest expense	**(36)**	(39)
Total finance expense for the period	**(11,066)**	(10,644)

6. TAXATION

The taxation charge for the period in the Income Statement arose as follows:

	52 week period ended 29 January 2022 £'000	52 week period ended 30 January 2021 (restated) £'000
Current Tax		
Total Overseas tax suffered in the period	**1,861**	1,280
Adjustment in relation to prior period	**2**	-
Total current tax for the period	**1,863**	1,280
Deferred tax		
Origination and reversal of timing differences	**(2,215)**	(5,463)
Effect of tax rate change	**1,710**	1,470
Adjustments in relation to prior periods	**-**	(4)
Total deferred tax for the period	**(505)**	(3,997)
Tax charge/(credit) recognised in income statement	**1,147**	(2,774)
Tax charge/(credit) recognised in other comprehensive income	**211**	57
Total tax charge/(credit)	**1,358**	(2,717)

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6. TAXATION (Continued)

The average current tax charge for the period differs (2021: differs) from the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	52 week period ended 29 January 2022 £'000	52 week period ended 30 January 2021 (restated) £'000
Loss on ordinary activities before tax	**(7,165)**	(23,088)
Loss on ordinary activities multiplied by the average rate for the period of 19% (2021: 19%)	**(1,361)**	(4,387)
Effects of:		
Adjustments in respect of prior periods	**2**	(4)
Income not subject to tax	**1,062**	(499)
Expenses not deductible for tax purposes	**(1,145)**	282
Other short term timing differences	**17**	(34)
Group relief (surrendered)/claimed	**3**	-
Other permanent differences	**(5)**	(70)
Overseas tax rate higher than UK tax rate	**566**	302
Other fixed asset timing differences	**144**	88
Amounts directly transferred to OCI or other	**211**	57
Remeasurement of deferred tax for changes in tax rates	**1,710**	1,470
Deferred tax not recognised	**154**	78
Total taxation charge/(credit)	**1,358**	(2,717)

Included in other comprehensive income is a tax charge of £211,000 (2021: £57,000), in respect of the defined benefit pension scheme.

Deferred taxes reflected in these financial statements have been measured using enacted tax rates at the balance sheet date. The UK corporation tax rate of 19% is due to remain (effective 1 April 2020).

7. INTANGIBLE ASSETS

	Goodwill £'000	Design Archive £'000	Brand Portfolio £'000	Concession Agreements £'000	Customer Relationships £'000	Computer Software £'000	Other £'000	Total £'000
Cost								
At 1 February 2020 (restated)	33,942	42,931	73,400	1,000	11,500	8,757	9	171,539
Additions	-	663	-	-	-	3,682	13	4,358
Impairment	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-
At 30 January 2021 (restated)	33,942	43,594	73,400	1,000	11,500	12,439	22	175,897
Additions	-	733	-	-	-	-	-	733
Impairment	(545)	-	-	-	-	-	-	(545)
Transfers	-	-	-	-	-	1,033	-	1,033
Exchange differences	-	-	-	-	-	-	-	-
At 29 January 2022	33,397	44,327	73,400	1,000	11,500	13,472	22	177,118
Amortisation and impairment								
At 1 February 2020 (restated)	-	-	-	(770)	(6,445)	(6,762)	-	(13,977)
Amortisation	-	(481)	-	(125)	(1,045)	(1,170)	-	(2,821)
Impairment	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-
At 30 January 2021 (restated)	-	(481)	-	(895)	(7,490)	(7,932)	-	(16,798)
Amortisation	-	481	-	(105)	(1,045)	(1,549)	-	(2,218)
Impairment	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-
At 29 January 2022	-	-	-	(1,000)	(8,535)	(9,481)	-	(19,016)
Net book value								
At 29 January 2022	33,397	44,327	73,400	-	2,965	3,991	22	158,102
At 30 January 2021 (restated)	33,942	43,113	73,400	105	4,010	4,507	22	159,099

The carrying value of goodwill is allocated to each cash generating unit as follows:

	29 January 2022 £'000	30 January 2021 £'000
Retail	22,585	22,585
Wholesale	10,707	10,707
Christys	105	650
Total	33,397	33,942

The brand portfolio and design archive intangible assets are deemed to have an indefinite economic life due to the durability of the underlying business which has been demonstrated over many years. The customer relationships and concession agreements intangible assets were assessed to have a useful economic life of 11 years and 8 years, respectively.

Concession agreements and customer relationships are reviewed annually for impairment and amortised over their useful economic lives. The amortisation charge is recognised in administration costs in the income statement.

The additions within the design archive relate to capitalised salaries which have an indefinite useful economic life.

7. INTANGIBLE ASSETS (continued)

Goodwill, the design archive and the brand portfolio are not amortised but tested for impairment annually. Value in use calculations underpinning the fair value are contrasted against financial performance in the period and forecast cash flows based on the 2022/23 budget and four year plan, both of which have been approved by the Board.

The key assumptions used in value in use calculations are:

- Sales: projected sales are built up with reference to trading channels. They incorporate projected growth targets based on: past performance, historical growth rates and developments in key markets.
- EBITDA Margins: projected margins reflect historical performance and the impact of all completed projects to improve operational efficiency and leverage scale. The projections do not include the impact of future restructuring projects to which the Group is not yet committed.
- Discount rate: the discount rate has been calculated based on the Group's weighted average cost of capital and risks specific to the CGU being tested. A pre-tax rate of 11.5% has been used for the impairment testing (2021: 13%).
- Terminal growth rate: Terminal growth of 2% has been applied beyond the 5 year period (2021: 2%).

After undertaking a full impairment review, the goodwill allocated to the Christys brand amounting to £545,000 has been impaired to nil due to the underlying performance of the business.

8. PROPERTY, PLANT AND EQUIPMENT

	Design Archive and Heritage Assets	Fixtures and Fittings	Computer Equipment	Plant and Machinery	Leasehold improvements	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 February 2020 (restated)	**6,100**	**8,623**	**3,179**	**12,657**	-	**6,299**	**36,858**
Additions	-	4,383	293	500	-	1,530	**6,706**
Disposals	-	-	-	-	-	-	-
Transfers	-	1,571	1,915	-	-	(3,486)	-
Exchange differences	-	704	33	(229)	-	-	**508**
At 30 January 2021 (restated)	**6,100**	**15,281**	**5,420**	**12,928**	-	**4,343**	**44,072**
Additions	-	221	26	1,461	-	6,270	**7,978**
Disposals	-	(8)	-	-	-	-	**(8)**
Transfers	-	453	176	-	7,346	(9,008)	**(1,033)**
Exchange differences	-	(233)	2	(408)	-	-	**(639)**
At 29 January 2022	**6,100**	**15,714**	**5,624**	**13,981**	**7,346**	**1,605**	**50,370**
Depreciation and impairment							
At 1 February 2020 (restated)	-	**(5,481)**	**(2,445)**	**(4,814)**	-	-	**(12,740)**
Depreciation	(60)	(2,138)	(1,172)	(1,483)	-	-	**(4,853)**
Disposals	-	-	-	-	-	-	-
Exchange differences	-	74	1	1	-	-	**76**
At 30 January 2021 (restated)	**(60)**	**(7,545)**	**(3,616)**	**(6,296)**	-	-	**(17,517)**
Depreciation	60	(2,630)	(1,045)	(1,472)	(133)	-	**(5,220)**
Disposals	-	8	-	-	-	-	**8**
Exchange differences	-	279	(1)	(4)	-	-	**274**
At 29 January 2022	-	**(9,888)**	**(4,662)**	**(7,772)**	**(133)**	-	**(22,455)**
Net book value							
At 29 January 2022	**6,100**	**5,826**	**962**	**6,209**	**7,213**	**1,605**	**27,915**
At 30 January 2021 (restated)	**6,040**	**7,736**	**1,804**	**6,632**	-	**4,343**	**26,555**

9. LEASES

Right of Use Asset

The Group's leases consist of real estate, vehicles and computer equipment.

	Real Estate £'000	Vehicles £'000	Computer software £'000	**Total £'000**
At 1 February 2020 (restated)	61,685	56	115	**61,856**
Additions	367	128	90	**585**
Depreciation	(3,982)	(57)	(57)	**(4,096)**
At 30 January 2021 (restated)	58,070	127	148	**58,345**
Additions	477	35	11	**523**
Depreciation	(4,002)	(55)	(73)	**(4,130)**
Net book value at 29 January 2022	**54,545**	**107**	**86**	**54,738**

Lease Liability

	Current £'000	Non-current £'000	**Total**
At 1 February 2020 (restated)	1,755	61,955	**63,710**
Additions	448	137	**585**
Interest	3,145	-	**3,145**
Lease payments	(5,206)	-	**(5,206)**
Transfers	1,924	(1,924)	**-**
At 30 January 2021 (restated)	2,066	60,168	**62,234**
Additions	221	302	**523**
Interest	2,802	-	**2,802**
Lease payments	(5,090)	-	**(5,090)**
Transfers	2,288	(2,288)	**-**
	2,287	58,182	**60,469**

The weighted average discount rate of the leases is 4.64%.

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

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

10. POST EMPLOYMENT BENEFITS AND PENSIONS

Pensions overall summary

Liberty Retail Limited operates a defined contribution pension scheme and a defined benefit pension scheme. The defined benefit scheme has been closed to new entrants since February 2001 and was closed to future benefit accrual with effect from 1 January 2007.

In addition, Liberty Japan Co Limited operates a defined benefit pension scheme. The Liberty Japan Co Limited pension scheme commenced on the 1 October 2003 and remains open to new entrants.

The assets of all pension schemes of the Company are held in separate trust administered funds.

The defined benefit plan operated by Stamperia Olonia SRL relates to statutory severance benefit which is a legal requirement for Italian companies.

Defined contribution schemes

During the period, the Group paid £623,000 (2021: £909,000) in respect of contributions to defined contribution pension schemes operated on behalf of Group employees.

10. POST EMPLOYMENT BENEFITS AND PENSIONS (continued)

Defined benefit schemes

A summary of the total present value of employee benefits is set out in the table below:

	29 January 2022 £'000	30 January 2021 £'000
Summary		
Cumulative net asset of UK scheme	3,657	2,877
Total defined benefit asset	**3,657**	2,877
Cumulative net liabilities of Japanese scheme	**(340)**	(313)
Cumulative net liabilities of Italian statutory severance benefit	**(317)**	(367)
Total defined benefit liability	**(657)**	(680)

UK defined benefit schemes

The contributions to the defined benefit scheme during the 52 week period ended 29 January 2022 amounted to £nil (2021: £500,000). The contribution rate is determined by an independent qualified actuary, using the projected unit method, on the basis of triennial valuations. A full actuarial valuation was carried out at 30 June 2019 by the Scheme's independent qualified actuary.

The scheme is closed to future benefit accrual, there is no expected contribution rate for future periods, however there are deferred amounts due. Liberty Retail Limited expects to contribute deferred amounts of £1,015,000 to the defined benefit scheme in the next financial period.

Actuarial valuation

A full actuarial valuation of the UK defined benefit scheme was carried out at 30 June 2019 by a qualified independent actuary, resulting in changes to the pre and post retirement discount rate. An IAS19 valuation bas been prepared as at 29 January 2022 by the actuary based on assumptions set by the Company and is reflected in these financial statements. The assumptions used by the actuary are those approved by the Trustees of the Pension Scheme and in the actuary's opinion, are the best estimates chosen from a range of possible actuarial assumptions. Due to the timescale covered, these assumptions may not necessarily be borne out in practice. The major assumptions used by the actuary are shown in the following table:

	52 week period ended 29 January 2022	52 week period ended 30 January 2021
Discount rate of scheme liabilities at period end	**2.3%**	1.5%
Inflation per annum (RPI)	**3.4%**	2.9%
Inflation per annum (CPI)	**2.8%**	2.3%
Rate of increase per annum in pensions in payment accrued before 5 April 1997	**3.0%**	3.0%
Rate of increase per annum in pensions in payment accrued after 5 April 1997	**3.3%**	2.9%
Percentage of maximum cash allowed taken by members	**75%**	75%
Forecast life expectancy for male currently aged 60	**87**	87
Forecast life expectancy for female currently aged 60	**90**	89
Forecast life expectancy at 60 for male currently aged 40	**88**	88
Forecast life expectancy at 60 for female currently aged 40	**91**	91

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

The mortality assumption for the period ended 29 January 2022 was S3 (Pension) with CMI 2020 projections and a long-term rate of improvement of 1.25% pa.

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10. POST EMPLOYMENT BENEFITS AND PENSIONS (continued)

Actuarial valuation (continued)

The overall expected return on assets is calculated as the weighted average of expected returns on each individual asset class. The expected return on equities is the sum of inflation, the dividend yield, economic growth and investment expenses. The return on gilts and bonds is the current market yield on long term gilts and bonds. The expected return on other assets is set equal to expected inflation.

Assumptions relating to the rate of increase in salaries at 29 January 2022 are not applicable because the Scheme was closed to future benefit accrual with effect from 1 January 2007. As the scheme is closed to future benefit accrual, there is no expected contribution rate for future service.

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

	52 week period ended 29 January 2022 £'000	52 week period ended 30 January 2021 £'000
Amounts to be recognised in the Statement of Financial Position		
Present value of funded obligation	**(27,260)**	(30,453)
Fair value of scheme assets	**30,917**	33,330
Net Asset in Statement of Financial Position	**3,657**	2,877
Expense/(Income) recognised in Income Statement		
Net interest on the net defined benefit asset	**(40)**	(42)
Administration expenses	**372**	310
Expense recognised in Income Statement	**332**	268
Movement in fair value of Scheme assets		
At start of period	**33,330**	32,658
Administration costs incurred	**(372)**	(310)
Contributions paid by the Group	**-**	500
Benefits paid by the Scheme	**(1,166)**	(965)
Expected return on Scheme assets in finance income	**488**	549
Actuarial gains/ (losses) on Scheme assets recognised in equity	**(1,363)**	898
Fair value of Scheme assets at period end	**30,917**	33,330
Growth assets (Equities)	**3,103**	2,963
Bond funds	**19,311**	21,160
Matching assets	**7,925**	8,392
Other investments	**578**	815
Fair value of scheme assets	**30,917**	33,330
Movement in present value of defined benefit obligations		
At start of period	**30,453**	30,315
Benefits paid by the scheme	**(1,166)**	(965)
Interest cost in finance expense	**448**	507
Actuarial losses/ (gains) recognised in equity	**(2,475)**	596
Present value of defined benefit obligations at period end	**27,260**	30,453
Cumulative asset at start of period	**2,877**	2,343
Actuarial gains/ (losses) recognised directly in equity during period	**1,112**	302
Contributions paid by the Company	**-**	500
(Expense)/ Income recognised in income statement	**(332)**	(268)
Cumulative asset at period end	**3,657**	2,877
Actual return on Scheme assets	**3,808**	1,447

Included within Other Comprehensive Income is a deferred tax charge of the defined benefit pension asset amounting to £211,000 (2021: £57,000).

10. POST EMPLOYMENT BENEFITS AND PENSION (continued)

The fair values of both the UK and Japan scheme assets are not intended to be realised in the short term and may be subject to significant change before they are realised. The present value of the schemes' liabilities is derived from cash flow projections over long periods of time and is thus inherently uncertain. However, both tables represent the Trustee's and the actuary's best estimate of the deficit in the schemes at the dates referred to.

Analysis of amount recognised in Statement of Other Comprehensive Income

	52 week period ended 29 January 2022 £'000	52 week period ended 30 January 2021 £'000
Actual return less expected return on pension scheme assets in UK	**1,363**	(898)
Actuarial (gains)/losses due to changes in financial assumptions	**(2,450)**	723
Actuarial (gains)/losses due to changes in demographic assumptions	**(40)**	98
Actuarial (gains)/losses due to liability experience	**15**	(225)
	(1,112)	(302)
Actual return less expected return on pension scheme assets in Japan	**(57)**	(143)
Actuarial gain/ (loss) in consolidated statement of comprehensive income	**(1,169)**	(445)

A summary of the current period is as follows:

UK scheme	**29 January 2022 £'000**	30 January 2021 £'000
Fair value of scheme assets	**30,917**	33,330
Present value of defined benefit obligations	**(27,260)**	(30,453)
Asset	**3,657**	2,877
Net Asset in Statement of Financial Position	**3,657**	2,877
Experience gains/ (losses) arising on Scheme assets	**1,363**	(898)
Experience losses arising on Scheme liabilities	**15**	(225)

Risks associated with the UK Defined Benefit Pension Scheme

Asset volatility The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets under perform this yield, this will create a deficit. The Scheme is invested primarily in growth assets, corporate bonds and liability matched assets. The growth assets, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored by the Trustees to ensure it remains appropriate given the Scheme's long term objectives.

Changes in bond yields A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for IAS 19, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk A proportion of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

10. POST EMPLOYMENT BENEFITS AND PENSIONS (continued)

Sensitivity to key assumptions

The key assumptions used for IAS 19 are: discount rate, inflation and mortality. The sensitivity of the results to these assumptions is as follows:-

29 January 2022

	Scheme assets	DBO	Surplus
	£'000	£'000	£'000
Current figures	30,917	(27,260)	3,657
Following a 0.25% p.a. decrease in the discount rate	30,917	(28,270)	2,647
Following a 0.25% p.a. increase in the RPI inflation assumption	30,917	(27,708)	3,209
Following an increase in the life expectancy of one year	30,917	(28,610)	2,307

30 January 2021

	Scheme assets	DBO	Surplus
	£'000	£'000	£'000
Current figures	33,330	(30,453)	2,877
Following a 0.25% p.a. decrease in the discount rate	33,330	(31,603)	1,727
Following a 0.25% p.a. increase in the RPI inflation assumption	33,330	(30,594)	2,736
Following an increase in the life expectancy of one year	33,330	(31,910)	1,420

The sensitivity information shown above is approximate and has been determined taking into account the duration of the liabilities and the overall profile of the Scheme membership. This is the same approach as has been adopted in previous periods.

Maturity Profile of the Scheme

The defined benefit obligation includes benefits for deferred pensioners and current pensioners. Some of the deferred pensioners are still current employees, but this does not directly impact their benefits from the Scheme as there is no longer a link between their salary and their Scheme benefits.

The defined benefit obligation is broadly split 40%/60% between deferred pensioners and current pensioners. The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is around 16 years.

11. INVENTORIES

	29 January 2022	30 January 2021
	£'000	£'000
Raw materials	**9,084**	6,658
Work in progress	**1,175**	1,719
Finished goods	**24,993**	20,005
	35,252	28,382

£82,475,000 (2021: £57,646,000) of inventory was recognised within cost of sales in the period.

£663,000 (2021: £3,251,000) of inventory provisions were expensed to the consolidated income statement during the period, in line with sales of discontinued and discounted stock and movement in the provision.

The net realisable value of inventory is reviewed on a divisional basis. Retail inventory is assessed by season. The wholesale division provisioning is based on the achieved margin for each product line. Imperfect and obsolete inventory is fully provided for.

12. TRADE AND OTHER RECEIVABLES

	29 January 2022 £'000	30 January 2021 (restated) £'000	1 February 2020 (restated) £'000
Trade receivables	**12,318**	14,137	11,392
Other receivables	**1,702**	4,285	5,566
Prepayments	**601**	1,355	1,515
	14,621	19,777	18,473

The Group's exposure to credit risk related to trade and other receivables is disclosed in note 17.

A receivable represents the right to consideration that is inconditional i.e. only the passage of time is required before time is required before payment is due.

13. TAX RECOVERABLE/(PAYABLE)

	29 January 2022 £'000	30 January 2021 £'000
Japanese corporation tax	**(186)**	(310)
Italian corporation tax	**(178)**	310
	(364)	-

14. DEFERRED TAX LIABILITY

The deferred tax assets and liabilities arose as follows:

	Short term timing differences £'000	Intangible Assets £'000	Recognised Losses £'000	Accelerated capital allowance £'000	Total Liability £'000
Brought forward at 2 February 2020 (previously reported)	(307)	(20,533)	1,527	3,720	**(15,593)**
Brought forward at 2 February 2020 (restated)	1,031	(20,533)	3,258	3,782	**(12,462)**
Movement in the period	857	302	3,690	614	**5,463**
Rate change	122	(2,416)	383	445	**(1,466)**
Brought forward at 31 January 2021	2,010	(22,647)	7,331	4,841	**(8,465)**
Movement in period	1,240	138	308	720	**2,406**
Rate change	1,027	(7,034)	2,350	1,756	**(1,901)**
Closing asset/(liability) as at 29 January 2022	**4,277**	**(29,543)**	**9,989**	**7,317**	**(7,960)**

	29 January 2022	30 January 2021 (restated)	1 February 2020 (restated)
	£'000	£'000	£'000
Deferred tax asset	**21,583**	14,182	8,072
Deferred tax liability	**(29,543)**	(22,647)	(20,534)
Net deferred tax asset/(liability)	**(7,960)**	(8,465)	(12,462)

	29 January 2022	30 January 2021 (restated)	1 February 2020 (restated)
Deferred tax assets not provided	**£'000**	£'000	£'000
Trading tax losses	**3,208**	2,518	2,253
Deferred tax assets not recognised at period end	**3,208**	2,518	2,253

Deferred tax assets not provided

The Group has gross tax assets totalling £13.1m (2021: £13.3m) on which deferred tax assets have not been recognised. The potential deferred tax asset of £3.2m (2021: £2.5m), the majority of which relates to losses, has not been recognised on the consolidated Statement of Financial Position as at 29 January 2022 due to uncertainty as to timing and use of these net tax assets, particularly the trading losses which are restricted in their use. these net tax assets have not been recognised as an asset in the consolidated Statement of Financial Position at 29 January 2022 but continue to be available as required.

No deferred tax liability is provided in respect of future remittance of earnings of foreign subsidiaries where the Group is able to control the remittance of earnings and it is probable that such earnings will not be remitted in the foreseeable future or where no liability would arise on remittance.

15. TRADE AND OTHER PAYABLES

	29 January 2022	30 January 2021 (restated)	1 February 2020 (restated)
	£'000	£'000	£'000
Trade payables	**18,362**	15,978	21,711
Other payables	**6,358**	5,614	3,818
Other tax and social security	**813**	630	348
Accruals	**15,890**	13,708	11,408
	41,423	35,931	37,285

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 17.

16. LOANS AND BORROWINGS

The Group's loans at the reporting date were as follows:

	29 January 2022 £'000	30 January 2021 £'000
Non-current liabilities		
Secured bank loans	**92,301**	90,293
Finance leases	-	567
	92,301	90,860
Current liabilities		
Current portion of secured bank loans	**8,196**	1,686
Finance leases	**527**	577
	8,723	2,263
Total loans and borrowings	**101,024**	93,123

Bank loans are disclosed net of deferred financing fees which are amortised over the term of the debt.

The Group's loans bore variable rates of interest as at the reporting date as follows:

	Currency	Nominal interest rate	Year of maturity	Face value and carrying amount 29 January 2022 £'000	30 January 2021 £'000
Term Loan A1	GBP	SONIA plus 8%	2024	**46,456**	44,932
Term Loan A2	JPY	TONAR plus 8%	2024	**6,394**	6,581
Term Loan A3	GBP	SONIA plus 8%	2024	**4,960**	4,797
Capital Expenditure Facility	GBP	SONIA plus 8%	2024	**10,339**	10,000
Revolving Credit Facility	GBP	SONIA plus 3%	2023	**15,000**	10,000
Revolving Credit Facility	GBP	SONIA plus 3%	2023	**13,000**	13,000
Term Loan Gruppo UBI	EUR	EURIBOR plus 2%	2024	**4,278**	5,389
COVID Loan	EUR	Fixed 1.13%	2026	**21**	22
PPP Loan	USD	Fixed 1%	2022	-	69
Landlord Loan	GBP	N/A	2024	**2,188**	-
Finance leases	EUR	Various	2023	**527**	1,144
Total loans and borrowings				**103,163**	95,934
Deferred financing fees	GBP	N/A	2024	**(2,139)**	(2,811)
				101,024	93,123

17. FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities, together with their fair values at 29 January 2022, were as follows:

	29 January 2022		30 January 2021	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Trade and other receivables	**14,020**	**14,020**	18,422	18,422
Cash and cash equivalents	**22,240**	**22,240**	12,578	12,578
Bank loans and borrowings	**(103,163)**	**(103,163)**	(95,934)	(95,934)
Lease liabilities	**(60,469)**	**(60,469)**	(62,234)	(62,234)
Trade and other payables	**(24,720)**	**(24,720)**	(21,592)	(21,592)
	(152,092)	**(152,092)**	(148,760)	(148,760)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount	**Contractual cash flows**	**1 year or less**	**1 to <2years**	**2 to <5years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Bank loans	103,163	103,163	8,723	93,840	600
Interest payable	2,243	12,316	6,398	5,907	11
Lease liabilities	60,469	60,469	2,288	2,041	56,140
Total	**165,875**	**175,948**	**17,409**	**101,788**	**56,751**

Capital management policy

The group's objectives when managing capital are:

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

This is achieved through ensuring sufficient bank and other facilities are in place, alongside the continual monitoring of cashflow forecasts and other financial key performance indicators. The below ratios are reviewed on a quarterly basis to ensure covenant compliance:

- Net leverage
- Liquidity
- Minimum 12 month EBITDA

The group was covenant compliant throughout the period. The gearing ratios as at 29 January 2022 and 30 January 2021 are as follows:

	29 January 2022	30 January 2021
	£'000	£'000
Total loans and borrowings (note 16)	**101,024**	93,123
Cash and cash equivalents	**(22,240)**	(12,578)
Net debt	**78,784**	80,545
Total share capital	**107,561**	101,561
Total capital (total assets less current liabilities)	**277,910**	277,673
Gearing ratio	**28%**	29%

17. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The interest payable above includes contractual interest payable on secured and unsecured bank loans. The Acquisition Financing rates of interest vary in line with SONIA and TONAR, and in line with the consolidated Group ratio of debt to EBITDA.

The financial liability contractual maturity table includes interest payable at these fixed rates applied as at 29 January 2022 assuming no reduction in the interest rate from an improved debt to EBITDA covenant ratio.

Financial risks

The Group has exposure to the following principal financial risks in the operation and management of its business:

(i) Liquidity risk;

(ii) Market risk;

(iii) Credit risk; and

(iv) Investment impairment risk.

Set out below is information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk:

Liquidity risk

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

Liquidity risk - maturity analysis	**29 January 2022**		30 January 2021	
	Less than 1 year	**Over 1 year**	Less than 1 year	Over 1 year
Financial liabilities	**£'000**	**£'000**	£'000	£'000
Trade and other payables	**24,720**	**-**	21,592	-

Market risk

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

Market risk - Foreign currency risk

74% of the Group revenue and 64% of the Group's purchases are denominated in Sterling, the Group's functional currency. Payments in Yen accounted for 10%; payments in Euros accounted for 21% and payments in US dollars accounted for 3% of total payments in the period. Receipts in Yen accounted for 9%; receipts in Euros accounted for 14% and receipts in US dollars accounted for 3% of total receipts in the Period.

As 85% of the Group's net assets are denominated in Sterling, the Group did not have a material exposure to foreign currency risk at 29 January 2022. The remaining 15% of Group net assets are denominated in Japanese Yen and Euros.

The Senior Facilities Agreement includes a term loan which is denominated in Yen. Accordingly, strengthening of Sterling against the Yen did not have had a material net effect on the Group at 29 January 2022.

17. FINANCIAL INSTRUMENTS (continued)

Credit risk

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

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

The group deposits money with financial institutions and monitors the health and financial condition of those institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	29 January 2022	30 January 2021
	£'000	£'000
Trade receivables	**12,318**	14,137

The ageing of trade receivables at 29 January 2022 was:

				Trade receivables Days past due		
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Estimated total gross carrying amount at default	11,383	442	115	140	727	12,807
Estimated credit loss	0	(35)	(35)	(11)	(408)	(489)
Expected credit loss rate	0.0%	7.9%	30.4%	7.9%	56.1%	3.8%

The ageing of trade receivables at 20 January 2021 was:

				Trade receivables Days past due		
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Estimated total gross carrying amount at default	12,601	1,104	83	114	890	14,792
Estimated credit loss	(28)	(35)	(36)	(12)	(544)	(655)
Expected credit loss rate	0.2%	3.2%	43.2%	10.4%	61.2%	4.4%

The impairment provision at 29 January 2022 of £489,000 (2021: £655,000) relates to debts mainly from overseas customers that are not covered by insurance.

The Directors believes that no material amount of impairment allowance is necessary in respect of trade receivables not past due or past due by up to 120 days. The majority of the balance relates to customers that have good financial track records with the Group.

17. FINANCIAL INSTRUMENTS (continued)

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	29 January 2022 £'000	30 January 2021 £'000
Balance brought forward	(655)	(229)
Increase in expected credit loss	166	(426)
Balance at end of period	(489)	(655)

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible: at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Investment impairment risk

The directors understand the risks associated with the investments held by the entity and the fact that these risks relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the Group reviews the financial performance of its investments on a regular basis. The directors are satisfied with the performance of the investments and foresee no change in this for the foreseeable future.

18. PROVISIONS

	29 January 2022 £'000	30 January 2021 (Restated) £'000
Dissentient shareholders	188	194
Balance at end of period	188	194

The provision relates to amounts due to the holders of preference shares who were bought out in 2019 and yet to claim the proceeds of sale.

19. SHARE BASED PAYMENTS

At 31 January 2022, the Group had a share-based payment arrangement in relation to the D1, D2 and D3 ordinary shares in the Company, issued to certain employees of the Group, which are linked to the individuals continued employment in the Group. The full terms of the D1, D2 and D3 ordinary shares are set out in the Articles of Association of the Company.

Summary of the arrangements as at 31 January 2021

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

The D1 and D2 shares have been classified as a compound share-based payment arrangement, with both an equity and cash-settled component, given the employee has a choice of settlement, contingent on a future event.

19. SHARE BASED PAYMENTS (continued)

The cash-settled share-based payment charge has been recognised across the vesting period, being five years the first tranche, and six years for the second tranche.

The D3 shares are classified as an equity-settled share-based payment arrangement, which vest on an exit (being a sale or listing of the Group). The D3 shareholders participate on an exit on proceeds above £320 million. The share-based payment charge has been recognised across the vesting period, being from grant date to the estimated date of an exit.

Modification in the year ended 31 January 2022

On 13 January 2022, the Company revised the terms of the D1, D2 and D3 shares, such that the amount of the participation on an exit was adjusted. Following this, the D1, D2 and D3 shares participate in exit proceeds above £250 million and receive an additional amount where the exit proceeds are above £260 million. This has been determined as a beneficial modification.

Reconciliation of outstanding share-based payment arrangements

The number of shares subject to share-based payment arrangements are as follows:

	D1 ordinary shares	D2 ordinary shares	D3 ordinary shares
Outstanding at the beginning of the year	4,000	2,200	2,200
Granted during the year	-	-	800
Forfeited during the year	-	(200)	(400)
Outstanding at the end of the year	**4,000**	**2,000**	**2,600**

Measurement of share-based payment arrangements

The fair value of services received in return for the shares granted are measured by reference to the fair value of the shares granted, using a Monte Carlo model.

The inputs used in the measurement of the fair values at grant date, 31 January 2021, 13 January 2022 (at the date of modification) and 31 January 2022 are as follows:

	31 December 2018 [1]	31 January 2020 [2]	31 January 2021 [3]	13 January 2022 [4]	31 January 2022 [5]
Fair value – D1 and D2	£287.15	£639.43	£78.92	£68.47	£83.72
Fair value – D3	N/A	£604.81	N/A	£62.11	£83.72
Equity value	£177 million	£232 million	£78 million	£78 million	£78 million
Exercise price	£5.42	£5.42	£5.42	£5.42	£5.42
Expected volatility (weighted average)	33.95%	37.20%	57.27%	63.75%	63.75%
Option life (weighted average)	4 years	4 years	3 years	2 years	2 years
Expected dividends	0%	0%	0%	0%	0%
Risk-free interest rate (based on government bonds)	0.83%	0.41%	(0.08%)	0.70%	0.70%

1 – for the purposes of the grant date fair value of the D1 and D2 shares

2 – for the purposes of the reporting date fair value of the D1 and D2 shares; and grant date fair value of the D3 shares

3 – for the purposes of the reporting date fair value of the D1 and D2 shares

4 – for the purposes of immediately pre-modification of the D1, D2 and D3 shares

5 – for the purposes of immediately post-modification of the D1, D2 and D3 shares, the reporting date fair value of the D1 and D2 shares; and the grant date fair value of the additional D3 shares issued

The expected volatility has been based on a benchmarking exercise for the equity volatility of similar listed entities. Service conditions and non-market performance conditions have not been taken into account in the fair value measurement of the services received.

19. SHARE BASED PAYMENTS (continued)

The incremental fair value as a result of the modification in January 2022 is £15.25 per share for the D1 and D2 shares. and £21.61 for the D3 shares. The total expenses recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments are as follows:

	29 January 2022 £000	30 January 2021 (Restated) £000
Equity settled share-based payment expense	212	333
Cash settled share-based payment expense / (credit)	93	(625)
Total carrying amount of liabilities	279	186

20. SHARE CAPITAL

Allotted, called up and fully paid	29 January 2022 £'000	30 January 2021 £'000
Share capital (95,606,365 (2021: 93,206,365) shares in issue)		
A Ordinary shares of £0.01 (93,197,565 (2021: 93,197,565 shares in issue)	932	932
D1 Ordinary shares of £0.01 (4,000 (2021: 4,000 shares in issue)	-	-
D2 Ordinary shares of £0.01 (2,200 (2021: 2,200 shares in issue)	-	-
D3 Ordinary shares of £0.01 (2,600 (2021: 2,600 shares in issue)	-	-
Preference shares of £0.01 (2,400,000 (2021: nil shares in issue)	24	-
Total parent company share capital	956	932

On 21 April 2021, the authorised, called up and fully paid share capital was increased by £24,000 by the issue of 2,400,000 preference shares of £2.50 each. The nominal value of the shares was £0.01 and the share premium arising was £5,976,000. These shares were fully paid in cash.

In addition to the above, the shareholders have on commitment a further £4,000,000 to cure any future liquidity concerns the group may have in meeting its covenant requirements. This commitment is comitted until January 2025 and if drawn will result in a further issue of preference shares.

The Company's issued share capital at 29 January 2022 comprises A ordinary shares plus D1, D2 , D3 Management Incentive Shares and preference shares. The A ordinary shares and the preference shares carry the right to vote. The D1, D2 and D3 shares do not have any voting rights.

Dividends on ordinary shares

No ordinary dividends were declared during the period. Holders of A ordinary and preference shares are entitled to receive dividends per share as declared periodically and are entitled to one vote per share at Shareholder meetings of the Company.

Share premium

	29 January 2022 £'000	30 January 2021 £'000
Premium on allotment of A Ordinary shares	100,581	100,581
Premium on allotment of D1 Ordinary shares	22	22
Premium on allotment of D2 Ordinary shares	12	12
Premium on allotment of D3 Ordinary shares	14	14
Premium on allotment of Preference shares	5,976	-
Total parent company share premium	106,605	100,629
Total parent company share capital and share premium	107,561	101,561

21. COMMITMENTS AND GUARANTEES

Guarantees

Select entities of the Group form the Obligor group which guarantee the Group's Senior Facilities.

Liberty Zeta Limited has guaranteed Stamperia Olonia SRL's obligations under its Term Loan Facility.

Some of the Company's subsidiaries have taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit. As a condition of the exemption, the Company has guaranteed the year-end liabilities of the relevant subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year-end was £3,254,000 (2021: £1,934,000).

Audit Exemption under section 479A of the Companies Act 2006

The Directors consider that subsidiaries of the Group are entitled to exemption from the requirement to have an audit under the provision of section 479A of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

Liberty Zeta Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the period ended 29 January 2022:

- Liberty Gamma Holdings Limited
- Liberty Alpha Limited
- Liberty of London Limited
- Liberty Theta Limited
- Liberty Kappa Limited
- Liberty Investment Limited
- Christys and Co. Limited
- C W Headdress Limited
- Liberty Lease Limited

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

22. RELATED PARTY DISCLOSURES

Liberty Zeta Limited is the ultimate parent company of the Group. In the opinion of the Directors there is no ultimate controlling party.

The land and buildings utilised by Stamperia Olonia SRL are owned by one of the Directors of Stamperia Olonia SRL. Stamperia Olonia SRL pays rent for occupying and utilising the land and buildings. Rent of £604,000 (2021: £649,000) was paid during the period. In addition Stamperia Olonia SRL pays to market its business to a company owned by one of the Directors of Stamperia Olonia SRL. Marketing of £102,000 (2021: £100,000) was paid during the period.

In addition to the above, Liberty Retail Limited purchased goods totalling £82,000 (2021: £166,000), from other entities included within the BlueGem fund portfolio. Liberty Fabric Limited sold goods totalling £nil (2021: £73,000) to another entity included within the BlueGem fund portfolio.

During the year, the directors and connected parties of Liberty Zeta Limited have purchased goods amounting to £51,000 (2021: £44,000) from Liberty Retail Limited, a wholly owned subidiary. No amounts were outstanding at the end of the year (2021: £nil).

The results of the company are not consolidated into the results of any other company.

23. POST BALANCE SHEET EVENTS

In the post balance sheet period after reviewing the obligations due under the April 2021 finance agreements and the pace of recovery currently planned the group re engaged with the lenders specifically on impending repayment of the final £10,000,000 of the CLIBLS loan that is due in July 2023. After being advised that an extension on the payment deadline is not allowed under the rules of the CLIBLS loan the group entered into an amended finance agreement on 30th September which included the following :

- Upon repayment of the final £10,000,000 tranche of the original £15,000,000 CLIBLS loan in July 2023 the group will have access to a new 6 month RCF facility with a value of £5,000,000 for a period of 6 months.
- Lenders have agreed for elements of future interest payment to be converted into debt.
- The group also agreed an extension of existing facilities. The RCF facility now expires in October 2024 compared to July 2023 and the Senior Debt now expires in January 2025 compared to January 2024.

LIBERTY ZETA LIMITED

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
as at 29 January 2022

	Note	29 January 2022 £'000	30 January 2021 (Restated) £'000	1 February 2020 (Restated) £'000
Assets				
Non current assets				
Investment in subsidiary undertakings	3	**101,860**	101,368	100,724
Current assets				
Trade and other receivables	4	**7,528**	5,512	5,517
Total assets		**109,388**	106,880	106,241
Equity and liabilities				
Equity				
Share capital		**956**	932	932
Share premium		**106,605**	100,629	100,629
Retained earnings/(losses)		**897**	829	(18)
Share based payment reserve		**544**	333	-
Capital redemption reserve		**104**	104	104
Total Equity		**109,106**	102,827	**101,647**
Non-current liabilities				
Cash settled share based payment liability	7	**279**	186	811
Current liabilities				
Trade and other payables	5	**3**	3,867	3,783
Total liabilities		**282**	4,053	4,594
Total equity and liabilities		**109,388**	106,880	106,241

The notes on pages 65 to 73 form part of these financial statements.

The financial statements were approved by the Board of Directors on 30 November 2022 and signed on its behalf by:

Adil Mehboob-Khan
Director

LIBERTY ZETA LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 29 January 2022

	Share capital	Share premium	Retained earnings / (losses)	Capital redemption reserve	Capital reserve	Share based payment reserve	Total equity
	£'000		£'000	£'000			£'000
Balance at 1 February 2020 (previously reported)	**104,978**	**-**	**(84)**	**104**	**(3,429)**	**-**	**101,569**
Reclassifications	(104,046)	100,629	(12)	-	3,429	-	-
Impact of prior year adjustments	-	-	78	-	-	-	78
Balance at 1 February 2020 (restated)	**932**	**100,629**	**(18)**	**104**	**-**	**-**	**101,647**
Profit for the financial period (restated)	-	-	847	-	-	-	(90)
Share Based Payment	-	-	-	-	-	333	1,270
Balance at 30 January 2021 (restated)	**932**	**100,629**	**829**	**104**	**-**	**333**	**102,827**
Profit for the financial period	-	-	68	-	-	-	(119)
Issue of preference shares	24	5,976	-	-	-	-	6,000
Share Based Payment	-	-	-	-	-	211	398
Balance at 29 January 2022	**956**	**106,605**	**897**	**104**	**-**	**544**	**109,106**

The capital reserve was created on the expiry of an option Liberty Zeta held with three subsidiary companies to buy back its own share capital.

The notes on pages 65 to 74 form part of these financial statements.

LIBERTY ZETA LIMITED

PARENT COMPANY CASH FLOW STATEMENT
as at 29 January 2022

	52 week period ended 29 January 2022 £'000	52 week period ended 30 January 2021 (restated) £'000
Profit for the financial period	**68**	847
Adjustments to reconcile loss for the period to net cash flows		
Share based payment	**(188)**	(937)
Cash flows from operating activities		
Change in trade and other receivables	**(2,016)**	6
Change in trade and other payables	**(3,864)**	84
Net cash generated/(used in) operating activities	**(6,000)**	-
Cash flows from financing activities		
Proceeds from the issue of preference share capital	**6,000**	-
Net cash flows from financing activities	**6,000**	-
Opening cash and cash equivalents	-	-
Net increase in cash and cash equivalents	-	-
Effect of exchange rate fluctuations on cash held	-	-
Closing cash and cash equivalents	-	-

The notes on pages 65 to 73 form part of these financial statements.

The financial statements on pages 62 to 64 were approved by the Board of Directors on 30 November 2022 and signed on its behalf by:

Adil Mehboob-Khan
Director

1. ACCOUNTING POLICIES FOR PARENT COMPANY FINANCIAL STATEMENTS

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared on a going concern basis in the manner disclosed in Note 1 to the Consolidated Financial Statements.

Under section 408(4) of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement. These financial statements present information about the Company as an individual undertaking and not about its Group.

(a) Statement of Compliance

These financial statements have been prepared and approved by the directors in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements. The Company's loss for the period was £119,000 (2021 (restated): loss of £90,000).

Correction of prior year errors

The following prior year adjustments were identified and corrected in the prior year comparative financial information:

	52 week period ended 30 January 2021 £'000	52 week period ended 1 February 2020 £'000
IFRS 2 - share based payment (1)	937	78
Increase in profit for the period arising from prior year adjustments	937	78

The impact of prior year adjustments is set out below:

- Reclassification of various reserves from share capital and other reserves into share premium and capital reserve (2)

52 week period ended 30 January 2021	As previously reported	Correction of errors	Reclassifications in the balance sheet	Restated	Adjustments
Investment in subsidiary undertakings	99,835	1,533	-	101,368	1
Share capital	104,978	-	(104,046)	932	2
Share premium	-	-	100,629	100,629	2
Retained earnings/(losses)	(174)	1,015	(12)	829	2
Share based payment reserve	-	333	-	333	1
Capital Reserve	(3,429)	-	3,429	-	2
Cash settled share based payment liability	-	186	-	186	1
Trade and other payables	(3,429)	(438)	-	(3,867)	1

52 week period ended 1 February 2020	As previously reported	Impact of corrections	Reclassifications in the balance sheet	Restated	Adjustments
Investment in subsidiary undertakings	99,835	889	-	100,724	1
Share capital	104,978	(3,417)	(100,629)	932	2
Share premium	-	-	100,629	100,629	2
Retained earnings/(losses)	(84)	66	-	(18)	2
Capital Reserve	(3,439)	3,429	-	-	2
Cash settled share based payment liability	-	811	-	811	1
Trade and other payables	(3,429)	(355)	-	(3,784)	1

1. ACCOUNTING POLICIES FOR PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

Investment in subsidiary undertakings

The interest of the Company in the shares of subsidiary undertakings is stated at cost less any provision for impairment. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. An impairment is recognised by comparing the carrying amount to the higher of the recoverable amount and value in use.

Financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

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

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or;

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

1. ACCOUNTING POLICIES FOR PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

Financial assets (continued)

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Debt instruments at fair value through OCI
- Trade receivables

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position

Non-derivative financial instruments comprise: trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES FOR PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

Financial liabilities (continued)

Trade receivables are initially recognised at fair value and measured for expected credit losses. A provision for impairment of trade receivables is also established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The movement in the provision is recognised in the income statement. Trade payables, defined as financial liabilities in accordance with IFRS 9, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. All of the trade payables are non-interest bearing.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

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

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

Where the Company grants an equity-settled share-based payment arrangement to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Where the Company grants a cash-settled share-based payment arrangement to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the cash-settled share-based payment charge based on the grant date fair value. Other movements in the cash-settled share-based payment liability (i.e. those arising from subsequent changes in fair value) are recognised in the Company's income statement.

2. STAFF COSTS AND REMUNERATION OF DIRECTORS

The Company had no employees during the period. The Directors did not receive remuneration from the Company in respect of their services to the Company during the period (2021: nil). Three Directors (2021: three) received remuneration from a subsidiary of the Company.

3. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	29 January 2022	30 January 2021
	£'000	£'000
Investment in subsidiary undertakings	**101,860**	101,368

The results of all subsidiary undertakings of the Company have been included in the consolidated financial statements

3. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

Name of undertaking	Principal Activity	Classes of issued share capital held by the Group	Percentage held within the Group
Liberty Theta Limited	Financing	Ordinary	100%
Liberty Kappa Limited	Financing	Ordinary	100%
Liberty Alpha Limited	Holding company	Ordinary	100%
Liberty Gamma Holdings Limited	Holding company	Ordinary	100%
Liberty Limited	Financing	Ordinary	100%
Liberty Retail Limited	Retail	Ordinary	100%
Liberty Fabric Limited	Wholesale	Ordinary	100%
Liberty Investment Limited	Holding company	Ordinary	100%
Liberty Japan Co. Limited (1)	Wholesale	Ordinary	100%
Liberty Fabric Limited (2)	Wholesales	Ordinary	100%
Liberty Comercio e Industria de Tecidos Ltda (3)	Wholesale	Ordinary	100%
Liberty (Shanghai) Trading Co. Limited (4)	Wholesale	Ordinary	100%
Liberty of London Limited	Wholesale	Ordinary	100%
C W Headdress Limited (5)	Retail	Ordinary	100%
Christy & Co. Limited (5)	Retail	Ordinary	100%
Stamperia Olonia SRL (6)	Manufacturing	Ordinary	100%
Liberty Fabric Services Italy (7)	Wholesale	Ordinary	100%
Liberty Hong Kong Asia Pacific Limited (8)	Holding company	Ordinary	100%
Liberty Fabric Sales Limited	Dormant	Ordinary	100%
Liberty Lease Limited	Holding company	Ordinary	100%
Christys of London Limited (5)	Dormant	Ordinary	100%
Retail Stores Property Holdings Limited	Holding company	Ordinary	100%
Retail Stores Property Holdings No 1. Limited	Dormant	Ordinary	100%
Retail Stores Property Holdings No 2. Limited	Dormant	Ordinary	100%
Retail Stores Property Holdings No 3. Limited	Dormant	Ordinary	100%
Liberty (Regent and Tudor) Holdings No. 1 Limited	Dormant	Ordinary	100%
Liberty (Regent and Tudor) Holdings Limited	Dormant	Ordinary	100%
Liberty Centres Limited	Dormant	Ordinary	100%
Liberty Tudor Property Limited	Dormant	Ordinary	100%
Liberty Tudor Property No 2. Limited	Dormant	Ordinary	100%
Liberty Properties Link Owner Limited	Dormant	Ordinary	100%
Liberty Properties Link Owner No 2. Limited	Dormant	Ordinary	100%
Liberty Regent Street Limited	Dormant	Ordinary	100%

All entities are incorporated in England and Wales, except where detailed otherwise, and are registered at 210-220 Regent Street, London, W1B 5AH.

(1) Incorporated and operates in Japan. Registered address: 2F Ebisu Park Plaza, 1-9-6 Ebisu Minami, Shibuya-ku, Tokyo, 150-0022 Japan

(2) Incorporated and operates in the United States of America. Registered address: 584 Broadway, Suite 604, New York, 10012

(3) Incorporated and operates in Brazil. Registered address: 1164 Rua Piaui, Sao Paulo, Brazil

(4) Incorporated and operates in China. Registered address: 42F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong

(5) Registered address: Unit 7, Witan Park, Avenue 2, Station Lane, Witney, Oxfordshire, OX28 4FH

(6) Incorporated and operates in Italy. Registered address: Via A.Colombo 65, Gorla Minore, Varese, Italy

(7) Incorporated and operates in Italy. Registered address: Via A.Colombo 61, Gorla Minore, Varese, Italy

(8) Incorporated in Hong Kong. Registered address: 42/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong

In September 2022, strike off procedures were commenced in respect of all of the dormant companies with the exception of Liberty Fabric Sales Limited, a UK incorporated company which holds an investment in Liberty Fabrics Italy Srl, a company incorporated in Italy

4. TRADE AND OTHER RECEIVABLES

	29 January 2022 £'000	30 January 2021 £'000
Other receivables	2	-
Amounts due from subsidiary undertakings	7,526	5,512
	7,528	5,512

Balances with subsidiary undertakings are payable on demand and are not interest bearing.

5. TRADE AND OTHER PAYABLES

	29 January 2022 £'000	30 January 2021 £'000
Other payables	3	3
Amounts due to subsidiary undertakings	-	3,864
	3	3,867

Balances with subsidiary undertakings are payable on demand and are not interest bearing.

6. FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities, together with their fair values at 29 January 2022, were as follows:

	29 January 2022		30 January 2021	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Trade and other receivables	7,258	7,528	5,512	5,512
Trade and other payables	(3)	(3)	(3,867)	(3,867)
	(7,255)	(7,255)	(1,645)	(1,645)

The Company has exposure to the following principal financial risks in the operation and management of its business:

Investment impairment risk

The directors understand the risks associated with the investments held by the entity and the fact that these risks relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the Company reviews the financial performance of its investments on a regular basis. The directors are satisfied with the performance of the investments and foresee no change in this for the foreseeable future.

7. SHARE BASED PAYMENTS

The details of the Company's share-based payment arrangements are included in note 19 in the Group financial statements.

The total charge recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments are as follows:

	29 January 2022 £'000	30 January 2021 (Restated) £'000	1 February 2020 (Restated) £'000
Cash-settled share-based payment charge recognised as an increase in investment in subsidiary undertakings	**467**	1,123	889
Cash-settled share-based payment credit recognised in the income statement	**(188)**	(937)	(78)
Total carrying amount of liabilities	**279**	186	811

8. SHARE CAPITAL

Allotted, called up and fully paid	**29 January 2022 £'000**	30 January 2021 £'000
Share capital (95,606,365 (2021: 93,206,365) shares in issue)		
A Ordinary shares of £0.01 (93,197,565 (2021: 93,197,565 shares in issue)	**932**	932
D1 Ordinary shares of £0.01 (4,000 (2021: 4,000 shares in issue)	-	-
D2 Ordinary shares of £0.01 (2,200 (2021: 2,200 shares in issue)	-	-
D3 Ordinary shares of £0.01 (2,600 (2021: 2,600 shares in issue)	-	-
Preference shares of £0.01 (2,400,000 (2021: nil shares in issue)	**24**	-
Total parent company share capital	**956**	932

On 21 April 2021, the authorised, called up and fully paid share capital was increased by £24,000 by the issue of 2,400,000 preference shares of £2.50 each. The nominal value of the shares was £0.01 and the share premium arising was £5,976,000. These shares were fully paid in cash.

In addition to the above, the shareholders have on commitment a further £4,000,000 to cure any future liquidity concerns the group may have in meeting its covenant requirements. This commitment is comitted until January 2025 and if drawn will result in a further issue of preference shares.

The Company's issued share capital at 29 January 2022 comprises A ordinary shares plus D1, D2 , D3 Management Incentive Shares and preference shares. The A ordinary shares and the preference shares carry the right to vote. The D1, D2 and D3 shares do not have any voting rights.

Dividends on ordinary shares

No ordinary dividends were declared during the period. Holders of A ordinary and preference shares are entitled to receive dividends per share as declared periodically and are entitled to one vote per share at Shareholder meetings of the Company.

Share premium

	29 January 2022 £'000	30 January 2021 £'000
Premium on allotment of A Ordinary shares	**100,581**	100,581
Premium on allotment of D1 Ordinary shares	**22**	22
Premium on allotment of D2 Ordinary shares	**12**	12
Premium on allotment of D3 Ordinary shares	**14**	14
Premium on allotment of Preference shares	**5,976**	-
Total parent company share premium	**106,605**	100,629
Total parent company share capital and share premium	**107,561**	101,561

9. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

In the opinion of the Directors there is no ultimate parent undertaking and controlling party.

10. GUARANTEES

The Company is a guarantor of the Group's Senior Facilities.