Registered number 08733836

Liberty Zeta Limited

Annual Report and Financial Statements

for the 52 week period ended

30 January 2021

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STRATEGIC REPORT
for the 52 week period ended 30 January 2021

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 loss of the Group in the Income Statement for the 52 week period until 30 January 2021 (the "period") was £12,471,000 (2020: operating profit of £19,793,000) and is set out on page 16 of the financial statements. The financial position of the Group, showing a net asset value of £106,555,000 (2020: £124,189,000) is set out in the consolidated Statement of Financial Position on page 18 of the financial statements. The loss before taxation for the financial period amounted to £22,490,000 (2020: profit of £11,330,000). The equity attributable to shareholders of the Company amounts to £106,555,000 (2020: £124,189,000).

The COVID-19 global pandemic has significantly impacted each of the four main business units (Flagship store, Online, Liberty Fabrics and Liberty of London). As a result, Group revenues decreased by approximately 25% and led to the Group recognising an operating loss in the financial period.

Flagship

The business unit that was most significantly impacted was the Flagship store where three separate government enforced closures to control the spread of the COVID-19 global pandemic led to the store being closed for nearly six months of the financial period. During the intervening periods when the Flagship store was open, social distancing and restrictions of movement to both domestic and international customers also adversely impacted revenue in the financial period. The Flagship store was still closed at the balance sheet date and has subsequently re-opened on 12 April 2021.

Online

Liberty Online benefitted from shoppers unable to visit Stores closed by the lockdown, and showed strong revenue growth compared to the prior period. This strong level of growth was enabled by ongoing investments in the online infrastructure which allowed the business to offer the Liberty product range and experience through its digital platform and to scale its fulfilment operations. Whilst some customers transferred spend from the Flagship store to online, the majority of the sales growth was due to the record number of new online customers acquired in the period.

There was strong growth online in all categories with the most significant being Beauty and Home. With the majority of customers spending a significant portion of time at home, categories such as homeware, fabrics and key replenishment beauty items were the key drivers of the growth. It was another record year for the Liberty Beauty advent calendar and investments in the international customer experience fuelled international sales to be a more significant part of the overall online sales.

Fabrics

The Liberty Fabrics business suffered from the measures to control the COVID-19 global pandemic in the first quarter of the financial period. Our printing facility, Stamperia Olonia Srl (Olonia) is in the Lombardy region of Italy which was the epicentre of the initial wave of the COVID-19 global pandemic in Europe. As a result, production and distribution of Liberty Fabrics products were severely impacted by the pandemic. Subsequent to the first quarter, we have not seen any material negative impacts on the demand for the Liberty Fabric products and the production and distribution challenges caused by the Italian government lockdown were resolved in the second quarter. As a result, the Liberty Fabrics revenue for the financial period was broadly in line with the prior year.

Whilst a significant portion of the Fabrics business is in Europe, management is cautious that existing customers may change buying patterns as a result of the longer lasting impact of the COVID-19 global pandemic. Examples of such issues would be a recession or a change in buying habits. We have however noted that recent trends give management encouragement that should these issues arise, they can be mitigated by growth in markets such as the Middle East, US and China, which are emerging growth markets for the Liberty Fabrics business.

Liberty Fabrics continues to improve its vertical integration with Olonia allowing the supply chain to benefit from improved production lead times and consistent quality in production and the Group benefits from a higher end to end gross margin on fabric products. Olonia continues to focus on research and development of printing techniques, therefore increasing operational efficiencies and further reducing lead times.

Business review and future developments (continued)

Liberty of London

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, nightwear and accessories. Management are encouraged by the appeal of this product online and in international markets and see it as a key driver for future growth.

Brexit impact

Retail

Strategic decisions taken by management ensured that the retail business saw a minimal impact as a result of the Brexit deal agreed as part UK leaving the European Union at the end of 2020, material risks being centred around the movement of goods, online sales into Europe and product purchases from Europe. The retail business saw some delay of stock movements, as supplier and transport companies adapted to the new regulations. This impact has been minimal and since year end there have been no material issues being observed for the retail business as a result of Brexit. We continually monitor any changes in regulations which may impact trade within the EU.

Fabrics

As the majority of Liberty Fabrics production and distribution takes place in Italy, management considered multiple scenarios and reviewed different responses on how to deal with potential risks of the UK leaving the EU. The key issues for the Fabrics business were the movement of goods into and out of the EU, whilst also considering the cash flow implications of revised duty and VAT regulations in relation to these movements. As management had planned for differing scenarios, they were able to enact plans in a timely manner with the exception of delayed movement of goods for two weeks in January while new structures were created, the Fabrics business has not seen any material issues as a result of the Brexit deal.

COVID-19 global pandemic response

As a result of the COVID-19 global pandemic which commenced in Europe in early 2020, a COVID-19 global pandemic response team consisting of senior executive team members was constructed to assess the short, medium and long term impact on the business. As the Group has traded the majority of 2020 through the COVID-19 global pandemic, the Group now has a better understanding of the impact that the COVID 19 global pandemic had on the business and where necessary has amended the future strategy to drive revenue and margin growth.

The team review and react to the impact of the pandemic on areas such as liquidity, financial covenants, cost expenditure, inventory expenditure and capital expenditure to ensure that the Group was trading as efficiently as possible, whilst also ensuring investment was made into the Liberty Online business to fuel its growth.

Due to managing the business in this way during the financial period, management view the material impact of the pandemic is solely isolated to the Flagship store and furthermore the impact of footfall into the store driven by government restrictions.

At the time of the first national UK lockdown in March 2020, cash flow forecasts projecting multiple scenarios were considered by senior management to fully understand the short and medium term liquidity position of the Group. The Group was projected to experience a shortfall in liquidity and breach financial covenants associated with its existing debt facility in July 2020.

The Directors reviewed the budgeted investments and expenditure and where possible, either renegotiated, delayed or cancelled any planned investments or non-contractual expenditure which was not deemed business critical to core operations.

The Directors engaged with its existing lenders to obtain additional financing in the medium term as the Group qualified for the UK government Coronavirus Large Business Interruption Loan Scheme ("CLBILS"). From 2 July 2020, the Group entered into an agreement to access CLBILS for £15,000,000 to be repaid over a three-year period.

At the time of the second and third government enforced lockdowns in November and December 2020, the Group was in a good cash position as a result of its access to CLBILS. Management evaluated further scenarios over 2021 and 2022 to fully understand the impact of the second and third lockdown on the Group.

COVID-19 global pandemic response (continued)

In the post balance sheet period, the directors reviewed these scenarios and considered the detrimental impact of an extended period of store closure and slow recovery. As a result, the Group re-engaged with its lenders and shareholders to look to restructure the finance agreement that was signed in July 2020. On 1st April 2021 the Group signed an amendment 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

- 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 the Group drew £6,000,000 of that 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 also utilised the Coronavirus Job Retention Scheme from March 2020 and the total amount claimed from HMRC in the financial year amounted to £2,999,000.

Corporate strategy

Liberty Zeta Limited and its subsidiaries comprise five operational businesses: Liberty Retail, Liberty Fabrics, Liberty London, Christys and Olonia. 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 all five operational businesses, as follows:

- Liberty Retail continues to run the 140+ year old Liberty Retail business profitably in its iconic tudor building on Great Marlborough Street, London (the "Flagship" store) and further developing the Liberty experience digitally though its website libertylondon.com.
- The Liberty Fabrics strategy focuses on profitable growth through a dynamic, customised approach to customers in different global regions. This includes an enhanced range in terms of designs and base cloths.
- The Liberty London strategy focuses on the continued development of a luxury goods brand that will be distributed on a global scale.
- The Christys strategy focuses on profitable growth through expansion of the Christys' branded formal and contemporary hats through wholesale and own retail channels.
- The principal activities of the Olonia division are the preparation and printing of fabrics for both external customers and for Liberty Fabrics using both traditional and digital printing methods. The strategy focuses on growth from the mix of printing methods and complementary services offered throughout the printing process.

Key performance indicators

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

		52 week period ended 30 January 2021	52 week period ended 1 February 2020
Total revenue	£'000	**115,943**	154,305
Flagship sales per square foot (including concession revenue)	£	**358**	1,309
EBITDA before non-recurring and one-off costs ("Management EBITDA")	£'000	**(2,801)**	25,785
Management EBITDA as a percentage of sales	%	**(2.4)%**	16.7%

Management EBITDA

Management EBITDA is calculated by adding back and deducting non-recurring revenue and costs respectively from statutory EBITDA. The other exceptional items listed below are for management reporting purposes only. Non-recurring transactions outside the ordinary course of business are treated as exceptional items. In the current year, the statutory exceptional items include the restructuring costs and the one off bad debt provision

Management has excluded the impact of IFRS 16 when calculating Management EBITDA. IFRS 16 adjustments of £1,050,000 were released to the Income Statement in relation to the store and office buildings (2020: £1,841,000).

Restructuring costs of £1,257,000 were incurred in the period as a result of a review of the business structure (2020: £190,000).

Dual running costs of £739,000 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 (2020: £463,000).

One off bad debt provision of £1,012,000 relating to potentially non-recoverable VAT in Italy (2020: £nil).

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.

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.

Principal risks and uncertainties (continued)

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.

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.

Potential uninsured product liability claims

Many manufacturers and retailers are potentially vulnerable to product liability claims. The Group conducts regular reviews with its external insurance agent to assess potential insurance risk and to ensure that adequate product and public liability insurance is in place. The Group could also face liability and/or reputational damage relating to counterfeit products. Accordingly, the Group pursues all copyright and trademark infringement to the extent necessary to protect its intellectual property rights

Pension scheme shortfalls

The Liberty Retail Limited Pension Scheme ("the Scheme"), which is a defined benefit pension scheme, is currently showing net assets of £2,877,000 (2020: £2,343,000). 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)

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 15.

Global pandemic

A detailed summary of our impact assessment on the risks that the global coronavirus pandemic poses to the business, together with the mitigating actions to conserve cash, is disclosed in the Strategic Report.

The review also summarises the output of a stress test which assess the likely cash impact in various scenarios. However, the current uncertainty around the scale, timing and impact of coronavirus means it is impossible at the time of writing to quantify accurately the level of risk associated with the ongoing pandemic.

Brexit

The UK formally left the EU on 31 January 2020 and the transition period ended on 31st December 2020. Brexit did not give rise to a new principal risk for the Group, however it did have an impact from an operational risk standpoint in terms of product availability, exchange rates, changes in tariffs and duties, regulatory changes and economic uncertainty.

As management had planned for differing scenarios, they were able to enact plans promptly, and with the exception of delays in the movement of good for two weeks in January, while new structures were created, Liberty Fabrics at the time of signing has not seen any material issues as a result of the Brexit deal.

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.

On behalf of the Board

Adil Mehboob-Khan
DIRECTOR

27 May 2021

DIRECTORS' REPORT
for the 52 week period ended 30 January 2021

Introduction

The Directors present their report and the audited consolidated financial statements of Liberty Zeta Limited and its subsidiaries (the "Group") for the 52 week period ending 30 January 2021 (the "period").

Liberty Zeta Limited (the "Company") is the ultimate holding company of the Liberty Group of companies. 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. Liberty Zeta Limited (the "Company") and its subsidiaries (the "Group") comprise five operational retail and wholesale businesses: Liberty Retail, Liberty Fabrics, Liberty London, Christys and Olonia. Each of the five businesses has its own business plan and the Board of Directors (the "Directors") manages adherence to these plans on a continual basis.

Both the Strategic Report and the Directors' Report have been drawn up and presented in accordance with, and in reliance upon applicable English company law, and the liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law. Certain information has been omitted from the Directors' Report as it has been included in the Strategic Report.

Liberty Zeta Limited is a private company limited by shares domiciled and incorporated in England and Wales. The registered office of Liberty Zeta Limited is 210-220 Regent Street, London, W1B 5AH. Subsidiaries of the Group operate in the following countries:

- Italy
- Japan
- North America
- Brazil
- China

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 23 March 2021)
Adil Mehboob-Khan
Massimo Saracchi
Robert Unsworth
Chi Chung Cheung
Carlo Pirzio-Biroli

Future developments, financial risk management and principal risks and uncertainties and post balance sheet events

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 1 to 7 and form part of this report by cross- reference.

Share capital

The Company's issued share capital at 30 January 2021 comprises A and B ordinary shares plus D1, D2 and D3 Management Incentive Shares. The A and B ordinary shares carry the right to vote.

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.

Dividend

The Directors do not recommend the payment of an ordinary dividend (2020: £nil).

Going Concern

The Directors confirm that, having reviewed the Group and parent Company's cash requirements for a period of at least twelve 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 uncertainty as to the future impact on the Group and parent Company of the COVID-19 global pandemic has been considered as part of the Group's and parent Company's adoption of the going concern basis. While managing the impact of the pandemic, the Directors engaged with their existing lenders to obtain additional financing in the medium term as the Group qualified for the UK government Coronavirus Large Business Interruption Loan Scheme ("CLBILS"). From 2 July 2020, the Group entered into an agreement to access CLBILS for £15,000,000 to be repaid over a three-year period, the repayment of which is factored into the cashflows.

In the post balance sheet period, the directors reviewed several scenarios and considered the detrimental impact of an extended period of store closure and a slower recovery. As a result, the Group re-engaged with its lenders and shareholders to look to restructure the finance agreement that was signed in July 2020. On 1 April 2021, the Group signed an amendment 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, at the date of signing the financial statements, 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.

The main impact of the uncertainty caused by the pandemic relates to the Flagship store. The recovery of the Flagship store primarily relates to demand generated by footfall to its central London location. Management view demand based on three distinct customer groups being international tourists, UK residents who visit London for various social activities and the local population of workers and residents. The recovery of demand will be reliant on all of these groups having unrestricted access, becoming free of restrictions introduced to control the spread of COVID 19. Management feels encouraged by the current government protocols around vaccinations and the progressive easing of social distancing and travel measures. Whilst this is encouraging, management are taking a cautious approach that demand levels may take some time to return, particularly in relation to international tourists.

As the impact of the pandemic on demand remains uncertain, a severe yet plausible scenario analysis has been prepared to allow the Directors to consider the potential impact of further demand disruptions as a result of the COVID-19 global pandemic on the Group's results and the potential to breach its liquidity and minimum EBITDA covenants.

The downside scenarios were mainly focussed on fluctuating levels of demand in the Flagship store. The directors have envisaged a soft recovery of the Flagship store mirroring similar levels of demand as seen over the prior period when exiting the government enforced lockdown. They also reviewed downside scenarios where there was a further three month lockdown in the winter of 2021 due to the potential for a new variant which is potentially impervious to the current vaccinations.

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, however in a scenario where there is a three month lockdown, the Group would have to call the contractually committed £4,000,000 of shareholder funds to cure the liquidity and EBITDA covenants.

Going Concern (continued)

As a result of the actions above and the revised financing agreement signed in April 2021, 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 a period of at least twelve months from the date of signing these financial statements and therefore adopt the going concern assumption in the preparation of these financial statements.

Employment

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. During the period, a new Intranet was launched providing up to date content and policies.

During this extraordinary year where the majority of our people were working remotely from their own homes, communication and updates about the business were even more important. Regular videos were created by the CEO explaining how the business was managing itself through the evolving pandemic and also addressing questions that employees had raised through regular Q and A forums.

Senior management also ensured that they could replicate team working and collaboration amongst their team by constant smaller team updates and also ensuring that members of staff that were on furlough could socially still be part of teams that were still working. This was all to ensure that our team members were not feeling isolated or severely impacted by the sudden change of working from home and the lack of a social office environment.

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.

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.

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 responsibility and health and safety

Environmental impact – energy consumption and greenhouse gas emissions

This year was the first year in which Liberty have been required to comply with the Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The table below sets out a summary of Liberty's UK energy usage, associated emissions, energy efficient actions and energy performance. As this is the first year of reporting, no prior year comparative figures are use.

Utility and Scope	2018/19 consumption (KWh)	2018/19 consumption (tCO2e)
Grid supplied electricity (scope 2)	2,610,722	667.30
Gaseous and other fuels (scope 1)	109,220	22.31
TOTAL	2,719,942	689.61

Intensity Metric	KWH/tCO2e/m2
Intensity metric – gross internal area	0.003668904
Intensity metric – gross sales area	0.08769342

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 2019 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.

DIRECTORS' REPORT
for the 52 week period ended 30 January 2021

S.172 reporting

The Directors, in line with their duties under s172 of Companies Act, act in good faith in promoting the success of the Group 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. Illustrations of how s172 factors have been applied throughout these financial statements, as evidenced in the examples. The Directors have considered the principal risks of the Group (page 4) and have obtained long term funding to support the growth and success of the Group (note 15).

The Directors have considered the interests of the Group's employees (page 9). The Directors recognise the importance of strong relationships with suppliers, customers and other key stakeholders (page 10). The Directors acknowledge of the importance of the Group within the community and environment (page 9) and also endeavour to maintain the high standards of business conduct that are paramount to the Group's success. The Directors operate fairly and in the interest of the Group and will continue to do so

Political donations

The Group made no political donations or incurred any political expenditure during the period (2020: £nil).

Charitable donations

The Group made charitable donations of £nil during the period (2020: £2,000).

Salaries

The Group capitalised salaries of £663,000 to non-current assets during the period in relation to internally generated intangible assets (2020: £831,000).

Audit information

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 auditors are 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 auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors of the Company for the period ended 30 January 2021 and have expressed their willingness to continue in office.

On behalf of the Board

Adil Mehboob-Khan
DIRECTOR
210-220 Regent Street, London, W1B 5AH

27 May 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the 52 week period ended 30 January 2021

Statement of 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 law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the parent company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY ZETA LIMITED

Report on the audit of the group financial statements

Opinion

In our opinion, Liberty Zeta Limited's group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 January 2021 and of its loss and cash flows for the 52 week period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Statement of Financial Position as at 30 January 2021; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY ZETA LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 30 January 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to money laundering and proceeds of crime, tax legislation, employment law, pensions regulations and data privacy law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management estimates, the posting of inappropriate journals to manipulate revenue and EBITDA, misappropriation of cash, and unusual and infrequent users. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non- compliance with laws and regulation and fraud.
- Inquiring with management's legal counsel in relation to the nature of any legal claims and expenses.
- Challenging assumptions and judgements made by management in their significant accounting estimates, including in respect of the impairment review of goodwill and intangible assets.
- Identifying and testing journal entries to address the risk of inappropriate journals referred to above.
- Incorporating an element of unpredictability into our testing.
- Understanding of management's tax compliance controls along with a review of correspondence with tax authorities and understanding of the tax laws in the various territories in which the group operates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the company financial statements of Liberty Zeta Limited for the period ended 30 January 2021.

Brian Henderson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

27 May 2021

CONSOLIDATED INCOME STATEMENT
for the 52 week period ended 30 January 2021

	Note	52 week period ended 30 January 2021	52 week period ended 1 February 2020
		£'000	£'000
Revenue		**115,943**	154,305
Cost of sales		**(60,372)**	(67,429)
Gross profit		**55,571**	86,876
Selling and distribution costs		**(56,009)**	(62,343)
Administrative expenses		**(13,487)**	(8,014)
Other operating income		**1,454**	3,274
Operating (loss)/profit	5	**(12,471)**	19,793
Finance income	4	**237**	415
Finance expenses	4	**(10,256)**	(8,878)
(Loss)/profit before tax		**(22,490)**	11,330
Taxation	6	**3,794**	(3,089)
(Loss)/profit for the financial period		**(18,696)**	8,241

Attributable to:		
Equity shareholders of the Company	**(18,696)**	8,241
(Loss)/profit for the financial period	**(18,696)**	8,241

All results relate to continuing operations. The notes on pages 22 to 50 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 52 week period ended 30 January 2021

	Note	**52 week period ended 30 January 2021 £'000**	52 week period ended 1 February 2020 £'000
(Loss)/profit for the period		**(18,696)**	8,241
Other comprehensive (expense)/ income:			
Items that may be reclassified to the income statement			
Foreign exchange translation differences for foreign operations		**513**	(292)
Fair value movement on cash flow hedge		**104**	(104)
Items that will not be reclassified to the income statement			
Defined benefit pension scheme actuarial gains	3	**445**	304
Total other comprehensive (expense)/income for the period		**(17,634)**	8,149
Attributable to:			
Equity shareholders of the Company		**(17,634)**	8,149
Total comprehensive (expense)/income for the period		**(17,634)**	8,149

The notes on pages 22 to 50 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 January 2021

	Note	30 January 2021 £'000	1 February 2020 £'000
Non-current assets			
Intangible assets and goodwill	7	**159,274**	157,684
Property, plant and equipment	8	**27,189**	24,363
Right of use assets	18	**53,249**	56,579
Employee benefits	3	**2,196**	1,595
		241,908	240,221
Current assets			
Inventories	9	**28,381**	35,711
Trade and other receivables	10	**20,197**	18,691
Cash and cash equivalents		**12,578**	12,229
		61,156	66,631
Total assets		**303,064**	306,852
Current liabilities			
Loans and borrowings	13	**(2,263)**	(1,219)
Lease liabilities	18	**(1,801)**	(1,755)
Trade and other payables	12	**(35,814)**	(36,864)
Tax payable	11	**-**	(15)
		(39,878)	(39,853)
Non-current liabilities			
Loans and borrowings	13	**(90,860)**	(70,033)
Lease liabilities	18	**(55,058)**	(56,725)
Other financial liabilities	15	**-**	(104)
Provisions	16	**(194)**	(355)
Deferred Tax Liability	14	**(10,519)**	(15,593)
		(156,631)	(142,810)
Total liabilities		**(196,509)**	(182,663)
Net assets		**106,555**	124,189
Equity			
Share capital and premium	17	**101,561**	101,561
Other reserves		**879**	262
Retained earnings		**4,115**	22,366
Total equity attributable to equity holders of the Company		**106,555**	124,189
Non-controlling interest		**-**	-
Total equity		**106,555**	124,189

The financial statements on pages 22 to 50 were approved by the Board of Directors on 27 May 2021 and signed on its behalf by:

Adil Mehboob-Khan

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 30 January 2021

	Share capital and premium	Treasury Shares	Capital Redemption Reserve	Translation reserve	Cashflow Hedge Reserve	Retained earnings	Total equity attributable to equity holders of the Company	Non-controlling interest	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 2 February 2019	**105,074**	**(3,417)**	**-**	**554**	**-**	**33,228**	**135,439**	**950**	**136,389**
Issue of shares	8	-	-	-	-	-	8	-	8
Acquisition of own shares	-	(104)	104	-	-	(19,407)	(19,407)	(950)	(20,357)
Cancellation of shares	(3,521)	3,521	-	-	-	-	-	-	-
Exchange movements	-	-	-	(292)	-	-	(292)	-	(292)
Net actuarial gain on retirement benefits	-	-	-	-	-	304	304	-	304
Fair value movement on cash flow hedge	-	-	-	-	(104)	-	(104)	-	(104)
Profit for the financial period	-	-	-	-	-	8,241	8,241	-	8,241
Balance at 1 February 2020	**101,561**	**-**	**104**	**262**	**(104)**	**22,366**	**124,189**	**-**	**124,189**
Exchange movements	-	-	-	513	-	-	513	-	513
Net actuarial gain on retirement benefits	-	-	-	-	-	445	445	-	445
Fair value movement on cash flow hedge	-	-	-	-	104	-	104	-	104
Loss for the financial period	-	-	-	-	-	(18,696)	(18,696)	-	(18,696)
Balance at 30 January 2021	**101,561**	**-**	**104**	**775**	**-**	**4,115**	**106,555**	**-**	**106,555**

The notes on pages 22 to 50 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
for the 52 week period ended 30 January 2021

	52 week period ended 30 January 2021	52 week period ended 1 February 2020
	£'000	£'000
(Loss)/profit for the financial period	**(18,696)**	8,241
Adjustments		
Amortisation of intangible assets	**2,860**	2,371
Amortisation of lease premium	**-**	799
Finance expenses	**7,624**	6,203
Interest on lease liability	**2,632**	2,675
Finance income	**(237)**	(415)
Depreciation of plant and equipment	**4,853**	4,023
Depreciation of right of use asset	**3,453**	3,474
Profit on disposal of fixed assets	**-**	(252)
Payment of lease liabilities	**(4,376)**	(4,248)
Taxation	**(3,794)**	3,089
Change in inventories	**7,330**	(9,586)
Change in trade and other receivables	**(1,506)**	(4,139)
Change in trade and other payables	**(2,627)**	8,573
Tax paid	**(1,314)**	(1,996)
Pension cash contributions	**(514)**	142
Net cash generated from operating activities	**(4,312)**	18,954
Cash flows from investing activities		
Interest received	**1**	32
Purchase of property, plant and equipment	**(7,216)**	(7,991)
Purchase of intangible assets	**(4,450)**	(1,253)
Proceeds on sale of fixed assets	**-**	252
Net cash used investing activities	**(11,665)**	(8,960)
Cash flows from financing activities		
Interest paid	**(4,851)**	(5,507)
Proceeds from the issue of share capital	**-**	8
Acquisition of own shares	**-**	(20,509)
Proceeds from draw down of borrowings	**23,091**	20,000
Repayments of borrowings	**(1,105)**	(11,807)
Debt finance costs	**(691)**	(675)
Draw down on new finance lease liabilities	**123**	29
Payment of finance lease liabilities	**(624)**	(680)
Net cash decrease from financing activities	**15,943**	(19,141)
Opening cash and cash equivalents	**12,229**	20,954
Net decrease in cash and cash equivalents	**(34)**	(9,147)
Effect of exchange rate fluctuations on cash held	**383**	422
Closing cash and cash equivalents	**12,578**	12,229

The notes on pages 22 to 50 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the 52 week period ended 30 January 2021

1. ACCOUNTING POLICIES

The consolidated financial statements and parent company financial statements have been prepared in accordance with 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.

Going Concern

The Directors confirm that having reviewed the Group and parent company's cash requirements for a period of twelve 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 uncertainty as to the future impact on the Group and parent company of the COVID-19 global pandemic has been considered as part of the Group's and parent company's adoption of the going concern basis. While managing the impact of the pandemic, the Directors engaged with their existing lenders to obtain additional financing in the medium term as the Group qualified for the UK government Coronavirus Large Business Interruption Loan Scheme ("CLBILS"). From 2 July 2020, the Group entered into an agreement to access CLBILS for £15,000,000 to be repaid over a three-year period.

In the post balance sheet period, the directors reviewed several scenarios and considered the detrimental impact of an extended period of store closure and slow recovery. As a result, the Group re-engaged with its lenders and shareholders to look to restructure the finance agreement that was signed in July 2020. On 1 April 2021, the Group signed an amendment 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.

1. ACCOUNTING POLICIES

Going Concern (continued)

The main impact of the uncertainty caused by the pandemic relates to the Flagship store. The recovery of the Flagship store primarily relates to demand generated by footfall to its central London location. Management view demand based on three distinct customer groups being international tourists, UK residents who visit London for various social activities and the local population of workers and residents. The recovery of demand will be reliant on all of these groups having unrestricted access, free of restrictions introduced to control the spread of COVID 19. Management feels encouraged by the current government protocols around vaccinations and the progressive easing of social distancing and travel measures. Whilst this is encouraging, management are taking a cautious approach that demand levels may take some time to return, particularly in relation to international tourists.

As the impact of the pandemic on demand remains uncertain, downside scenario analysis has been performed to allow the Directors to consider the potential impact of further demand disruptions as a result of the COVID-19 global pandemic on the Group's results and the potential to breach its liquidity and minimum EBITDA covenants.

The downside scenarios were mainly focussed on fluctuating levels of demand in the Flagship store. The directors have envisaged a soft recovery of the Flagship store mirroring similar levels of demand as seen over the prior period when exiting the government enforced lockdown. They also reviewed downside scenarios where there was a further three month lockdown in the winter of 2021 due to the potential for a new variant which was potentially impervious to the current vaccinations.

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, however in a scenario where there is a three month lockdown, the Group would have to call the contractually committed £4,000,000 of shareholder funds to cure the liquidity and EBITDA covenants.

As a result of the actions above and the revised financing agreement signed in April 2021, 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 a period of at least twelve months 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

(a) New standards, amendments and interpretations

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3). In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current.

These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

1. ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures (continued)

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

The following is a list of other new and amended standards which, at the time of writing, had been issued by the IASB but which are effective in future periods.

- IFRS 17 Insurance Contracts (effective 1 January 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.

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 5.

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 3;
- 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 9;
- 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 18;
- Useful life of assets – depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. The expected useful life of assets is reviewed periodically reviewed for any indication that the assets are in use for a longer or shorter period than the applied depreciation rates as stated in Note 1. Determining an asset's residual value and estimated useful life involves significant judgement, particularly in IT systems and software such as our website. Management satisfied itself that the residual values and useful economic lives are appropriate considering the sensitivity of changes in residual value on depreciation; and
- 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)

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.
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 instruments

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.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are repayable on demand and form an integral part of the Group's cash management.

Interest-bearing borrowings are initially recognised at fair value less transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement as incurred.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income in the hedging reserve and any ineffective portion is recognised immediately in the income statement.

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

1. ACCOUNTING POLICIES (continued)

Business combinations

All business combinations are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

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.

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. It has been considered to have a 100 year useful life as the Group continues to use and leverage the fabric designs to generate sales and profits.

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 less accumulated amortisation and impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use and is charged over a useful economic life of 25 years.

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).

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.

1. ACCOUNTING POLICIES (continued)

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:

Heritage assets and design archive	100 years
Plant and machinery	3 to 15 years
Fixtures and Fittings	5 to 10 years
Computer Equipment	5 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 Design Archive

Heritage assets are tangible assets with historical and artistic qualities and consist of silverware, paintings and furniture. These items are depreciated over 100 years and tested for impairment annually in line with IFRS.

The Group's tangible design archive consists of artwork, printers' impressions, pattern books and fabric swatch books. The design archive is over 100 years old as the Group continues to use the archive to inspire fabric designs, which generate sales and profit.

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.

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.

1. ACCOUNTING POLICIES (continued)

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.

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 amounts receivable for goods and services 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 is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

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.

Grant income

Amounts received by the Company which are not consideration for services rendered and are freely given with no expectation of services to be provided in return are excluded from turnover and included within other operating income.

Grant income is generally net against the related expense on a receipts basis. When grant income is linked to a claim that the Company has the right to make, the Company recognises the grant income in the income statement when it is entitled to make the claim and it is probable that the claim will result in an inflow of economic benefit to the Company.

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 such as liabilities and costs arising from a fundamental restructuring of the Group's operations. Such items are disclosed separately within the financial statements.

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.

1. ACCOUNTING POLICIES (continued)

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.

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. 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 30 January 2021 Number	52 week period ended 1 February 2020 Number
Design and Production	**178**	182
Selling and distribution	**375**	366
Administration	**134**	129
	687	677

The aggregate payroll costs of the persons were as follows:

	52 week period ended 30 January 2021 £'000	52 week period ended 1 February 2020 £'000
Wages and salaries	**23,580**	24,023
Social security costs	**2,053**	2,403
Other pension costs	**911**	1,002
Grant income	**(2,999)**	-
	23,545	27,428

Remuneration of £1,073,000 (2020: £1,591,000) was paid by subsidiary companies in respect of ten (2020: ten) Directors services.

The highest paid Director received remuneration, including benefits, of £749,000 (2020: £1,166,000), including pension contributions of £nil (2020: £nil).

Retirement benefits were accruing to one Director (2020: one) in respect of defined contribution pension schemes.

No other fees were paid to Directors in respect to services provided (2020: nil).

The grant income relates to funds received from HMRC under the Coronavirus Job Retention Scheme of which £2,999,000 was received at the balance sheet date and the remainder in the post balance sheet period.

3. EMPLOYEE BENEFITS

Pensions overall summary

Liberty operates a defined contribution pension scheme and three defined benefit pension schemes. One of the defined benefit schemes is for certain UK employees of its wholly owned subsidiary Liberty Retail Limited. This scheme has been closed to new entrants since February 2001 and was closed to future benefit accrual with effect from 1 January 2007. The other schemes are a minor defined benefit pension arrangement for the Japanese subsidiary of Liberty Investment Limited and Stamperia Olonia Srl.

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

Defined contribution schemes

During the period, the Group paid £909,000 (2020: £993,000) in respect of contributions to defined contribution pension schemes operated on behalf of Group employees.

3. EMPLOYEE BENEFITS (continued)

Defined benefit schemes

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

	30 January 2021 £'000	1 February 2020 £'000
Summary		
Cumulative net asset of UK scheme	**2,877**	2,343
Cumulative net liabilities of Japanese scheme	**(314)**	(382)
Cumulative net liabilities of Italian scheme	**(367)**	(366)
Total present value of employee benefits	**2,196**	1,595

UK defined benefit schemes

The Group contributions to the UK defined benefit scheme of Liberty Retail Limited during the period amounted to £500,000 (2020: £nil). The contribution rate is determined by an independent qualified actuary, using the projected unit method, on the basis of triennial valuations. The Group expects to contribute £nil to the UK defined benefit scheme in the next financial period.

As the scheme is closed to future benefit accrual, there is no expected contribution rate for future periods. Liberty Retail Limited expects to contribute £nil to the defined benefit scheme in the next financial period as a result an agreement with the trustees to defer the payment of £500,000 due in February 2021 to February 2022.

Actuarial valuation

A full actuarial valuation of the UK defined benefit scheme was carried out as at 30 June 2020 by a qualified independent actuary. An IAS19 valuation has been prepared at 30 January 2021 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 30 January 2021	52 week period ended 1 February 2020
Discount rate of scheme liabilities at period end	**1.5%**	1.7%
Inflation per annum (CPI)	**2.3%**	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	**2.9%**	3.0%
Percentage of maximum cash allowed taken by members	**75%**	75%
Forecast life expectancy of Scheme members	**87**	87

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

The mortality assumption for the period ended 30 January 2021 was S3 (Pension) with CMI 2019 projections and a long-term rate of improvement of 1.25% pa.

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.

3. EMPLOYEE BENEFITS (continued)

Actuarial valuation (continued)

Assumptions relating to the rate of increase in salaries at 30 January 2021 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 30 January 2021 £'000	52 week period ended 1 February 2020 £'000
Amounts to be recognised in the Statement of Financial Position		
Present value of funded obligation	**(30,453)**	(30,315)
Fair value of scheme assets	**33,330**	32,658
Net Asset in Statement of Financial Position	**2,877**	2,343
Income recognised in Income Statement		
Past service cost	**-**	-
Net interest on the net defined benefit asset	**(42)**	(56)
Administration expenses	**310**	151
Expense rcognised in Income Statement	**268**	95
Movement in fair value of Scheme assets		
At start of period	**32,658**	30,075
Administration costs incurred	**(310)**	(151)
Contributions paid by the Group	**500**	-
Benefits paid by the Scheme	**(965)**	(1,074)
Expected return on Scheme assets in finance income	**549**	800
Actuarial gains/ (losses) on Scheme assets recognised in equity	**898**	3,008
Fair value of Scheme assets at period end	**33,330**	32,658
Growth assets (Equities)	**2,963**	3,254
Bond funds	**21,160**	21,005
Matching assets	**8,392**	7,972
Other investments	**815**	427
Fair value of scheme assets	**33,330**	32,658
Movement in present value of defined benefit obligations		
At start of period	**30,315**	28,081
Benefits paid by the scheme	**(965)**	(1,074)
Past service cost	**-**	-
Interest cost in finance expense	**507**	744
Actuarial losses/ (gains) recognised in equity	**596**	2,564
Present value of defined benefit obligations at period end	**30,453**	30,315

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.

3. EMPLOYEE BENEFITS (continued)

Analysis of amount recognised in Statement of Other Comprehensive Income

	52 week period ended 30 January 2021 £'000	52 week period ended 1 February 2020 £'000
Actual return less expected return on pension scheme assets in UK	**898**	3,008
Actuarial (losses)/ gains on scheme liabilities	**(596)**	(2,564)
	302	444
Actual return less expected return on pension scheme assets in Japan	**143**	(140)
Actuarial gain/ (loss) in consolidated statement of comprehensive income	**445**	304

A summary of the current period is as follows:

UK scheme	**30 January 2021 £'000**	1 February 2020 £'000
Fair value of scheme assets	**33,330**	32,658
Present value of defined benefit obligations	**(30,453)**	(30,315)
Asset	**2,877**	2,343
Net Asset in Statement of Financial Position	**2,877**	2,343
Actuarial gains on Scheme assets recognised in equity	**898**	3,008
Experience losses arising on Scheme liabilities	**(225)**	(799)

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.

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Scheme by investing in assets such as swaps which perform in line with the liabilities of the Scheme so as to protect against inflation being higher than expected.

3. EMPLOYEE BENEFITS (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:-

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

1 February 2020

	Scheme assets	DBO	Surplus
	£'000	£'000	£'000
Current figures	32,658	(30,315)	2,343
Following a 0.25% p.a. decrease in the discount rate	32,658	(31,487)	1,171
Following a 0.25% p.a. increase in the RPI inflation assumption	32,658	(30,993)	1,665
Following an increase in the life expectancy of one year	32,658	(31,470)	1,188

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. The sensitivity analysis assumes that only one assumption changes whilst the others remain constant.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the 52 week period ended 30 January 2021

4. *FINANCE INCOME AND EXPENSES*

Finance income arose as follows:

	52 week period ended 30 January 2021 £'000	52 week period ended 1 February 2020 £'000
Finance income		
Interest income on cash deposits	**1**	32
Interest on pension scheme assets	**42**	56
Fair value movement on derivative instruments	**-**	249
Other interest income	**194**	-
Gain on translation of loan	**-**	78
Total finance income for the period	**237**	415

Finance expenses arose on financial liabilities as follows:

	52 week period ended 30 January 2021 £'000	52 week period ended 1 February 2020 £'000
Finance expense		
Total interest expense on financial liabilities measured at amortised cost	**(6,278)**	(5,392)
Amortisation of deferred finance costs	**(753)**	(714)
Loss on translation of loan	**(369)**	-
Other interest expense	**(2,856)**	(2,772)
Total finance expense for the period	**(10,256)**	(8,878)

5. OPERATING (LOSS)/PROFIT

	52 week period ended 30 January 2021 £'000	52 week period ended 1 February 2020 £'000
Operating (loss)/profit is stated after charging/ (crediting) the following:		
Depreciation-plant and equipment owned	**4,853**	4,023
Depreciation right of use assets	**3,453**	3,473
Amortisation of intangible assets	**2,860**	2,371
Auditors' remuneration:		
Audit of these financial statements	**128**	79
Audit of financial statements of subsidiaries	**167**	139
Non audit services provided by PricewaterhouseCoopers LLP	**70**	125
Exceptional items	**2,269**	350
Foreign exchange losses/(gains)	**369**	(78)
And after crediting the following:		
Other operating income	**1,455**	3,274

6. TAXATION

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

	52 week period ended 30 January 2021	52 week period ended 1 February 2020
	£'000	£'000
Current Tax		
Total overseas tax suffered in the period	**1,280**	1,654
Total current tax for the period	**1,280**	1,654
Deferred tax		
Deferred tax (credit)/charge	**(5,074)**	1,435
Total deferred tax for the period	**(5,074)**	1,435
Total taxation charge	**(3,794)**	3,089

No tax was recognised directly in equity during the period.

The average current tax charge for the period is lower (2020: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	52 week period ended 30 January 2021	52 week period ended 1 February 2020
	£'000	£'000
(Loss)/profit on ordinary activities before tax	**(22,490)**	11,330
(Loss)/profit on ordinary activities multiplied by the average rate for the period of 19% (2020: 19%)	**(4,273)**	2,153
Effects of:		
Adjustments in respect of prior periods – deferred tax	**(1,453)**	(9)
Income not subject to tax	**(499)**	(1,278)
Expenses not deductible for tax purposes	**406**	436
Other short term timing differences	**-**	943
Other permanent differences	**(6)**	(6)
Overseas tax rate higher than UK tax rate	**302**	322
Other fixed asset timing differences	**147**	92
Amounts directly transferred to OCI or other	**57**	84
Deferred tax not recognised	**124**	352
Impact of tax rate change	**1,401**	-
Total taxation charge	**(3,794)**	3,089

	52 week period ended 30 January 2021	52 week period ended 1 February 2020
	£'000	£'000
Deferred tax		
Origination and reversal of timing differences	**(5,463)**	1,444
Effect of change in tax rate	**1,842**	-
Adjustments in respect of prior periods	**(1,453)**	(9)
Deferred taxation charge/ (credit)	**(5,074)**	1,435

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the 52 week period ended 30 January 2021

7. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Design Archive	Brand Portfolio	Concession Agreements	Customer Relationships	Computer Software	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 February 2020								
Cost or valuation	33,942	42,100	73,400	1,000	11,500	8,411	12	**170,365**
Accumulated Amortisation	-	-	-	(645)	(5,400)	(5,578)	-	**(11,623)**
Net book amount	**33,942**	**42,100**	**73,400**	**355**	**6,100**	**2,833**	**12**	**158,742**
Period ended 1 February 2020								
Opening net book amount	**33,942**	**42,100**	**73,400**	**355**	**6,100**	**2,833**	**12**	**158,742**
Additions	-	831	-	-	-	485	-	**1,316**
Amortisation	-	-	-	**(125)**	**(1,045)**	(1,201)	-	**(2,371)**
Revaluation	-	-	-	-	-	-	(3)	-
Closing net book amount	**33,942**	**42,931**	**73,400**	**230**	**5,055**	**2,117**	**9**	**157,684**
At 1 February 2020								
Cost or valuation	33,942	42,931	73,400	1,000	11,500	8,896	**9**	**171,678**
Accumulated Amortisation	-	-	-	(770)	(6,445)	(6,779)	-	**(13,994)**
Net book amount	**33,942**	**42,931**	**73,400**	**230**	**5,055**	**2,117**	**9**	**157,684**
Period ended 30 January 2021								
Opening net book amount	**33,942**	**42,931**	**73,400**	**230**	**5,055**	**2,117**	**9**	**157,684**
Additions	-	663	-	-	-	3,774	13	**4,450**
Amortisation	-	(481)	-	(125)	(1,045)	(1,209)	-	**(2,860)**
Revaluation	-	-	-	-	-	-	-	-
Closing net book amount	**33,942**	**43,113**	**73,400**	**105**	**4,010**	**4,682**	**22**	**159,274**
At 30 January 2021								
Cost or valuation	33,942	43,594	73,400	1,000	11,500	12,670	22	**176,128**
Accumulated Amortisation	-	(481)	-	(895)	(7,490)	(7,988)	-	**(16,854)**
Net book amount	**33,942**	**43,113**	**73,400**	**105**	**4,010**	**4,682**	**22**	**159,274**

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

	30 January 2021	1 February 2020
	£'000	£'000
Retail	**22,585**	22,585
Wholesale	**10,707**	10,707
Christys	**650**	650
Total	**33,942**	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.

7. INTANGIBLE ASSETS AND GOODWILL (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 2021/22 budget and four year plan.

The key assumptions used in value in use calculations are:

- Sales: projected sales are built up with reference to markets and product categories. They incorporate past performance, historical growth rates and developments in key markets.
- 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 13% has been used for the impairment testing. (2020: 13%)
- Growth rate: The growth rate on the five year cash flows has been based on the four year plan with a final growth rate in the final year of 8.5% (being the average CAGR rate achieved by the Group in the last four years) (2020: 8.5%). Terminal growth of 2% has been applied beyond this period (2020: 2%).

Sensitivity analysis

A sensitivity analysis has been performed in assessing the recoverable amounts goodwill. This has been based on changes in key assumptions considered to be possible by management. This included an increase in the discount rate of up to 0.6% and a decrease in the long term growth rate of up to one percent. The sensitivity analysis showed that no impairment would arise under each scenario.

The Company has tested all goodwill and indefinite-life intangible assets for impairment. No impairments were identified. In the opinion of the Directors, the value of the asset is not less than the value at which it is included in the Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the 52 week period ended 30 January 2021

8. PROPERTY, PLANT AND EQUIPMENT

	Design Archive and Heritage Assets	Fixtures and Fittings	Computer Equipment	Plant and Machinery	Assets Under Constructio n	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 2 February 2019						
Cost or valuation	6,100	7,545	2,793	11,977	1,623	**30,038**
Accumulated depreciation	-	(3,973)	(1,483)	(3,684)	-	**(9,140)**
Net book value	**6,100**	**3,572**	**1,310**	**8,293**	**1,623**	**20,898**
Period ended 1 February 2020						
Opening	6,100	3,572	1,310	8,293	1,623	**20,898**
Additions	-	1,319	385	1,488	4,799	**7,991**
Disposals	-	-	-	(70)	-	**(70)**
Exchange differences	-	55	-	(488)	-	**(433)**
Depreciation	-	(1,682)	(961)	(1,380)	-	**(4,023)**
Closing	**6,100**	**3,264**	**734**	**7,843**	**6,422**	**24,363**
At 1 February 2020						
Cost or valuation	6,100	8,762	3,179	12,657	6,422	**37,120**
Accumulated depreciation	-	(5,498)	(2,445)	(4,814)	-	**(12,757)**
Net book value	**6,100**	**3,264**	**734**	**7,843**	**6,422**	**24,363**
Period ended 30 January 2021						
Opening	6,100	3,264	734	7,843	6,422	**24,363**
Additions	-	4,383	293	500	2,040	**7,216**
Transfers	-	1,571	1,915	-	(3,486)	**-**
Exchange differences	-	656	35	(228)	-	**463**
Depreciation	(60)	(2,138)	(1,172)	(1,483)	-	**(4,853)**
Closing	**6,040**	**7,736**	**1,805**	**6,632**	**4,976**	**27,189**
At 30 January 2021						
Cost or valuation	6,100	15,281	5,422	12,927	4,976	**44,706**
Accumulated depreciation	(60)	(7,545)	(3,617)	(6,295)	-	**(17,517)**
Net book value	**6,040**	**7,736**	**1,805**	**6,632**	**4,976**	**27,189**

9. INVENTORIES

	30 January 2021 £'000	1 February 2020 £'000
Raw materials	**6,657**	6,487
Work in progress	**1,719**	2,143
Finished goods	**20,005**	27,081
	28,381	35,711

£57,646,000 (2020: £66,153,000) of inventory was recognised within cost of sales in the period.

£3,251,000 (2020: £435,000) 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 inventory provision at 30 January 2021 amounted to £3,709,000 (2020: £1,652,000).

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.

10. TRADE AND OTHER RECEIVABLES

	30 January 2021 £'000	1 February 2020 £'000
Trade receivables	**14,137**	11,392
Other receivables	**4,285**	5,363
Prepayments and accrued income	**1,775**	1,936
	20,197	18,691

The Group's exposure to credit risk related to trade and other receivables is disclosed in note 16.

11. TAX PAYABLE

	30 January 2021 £'000	1 February 2020 £'000
Japanese corporation tax	**(310)**	(159)
Italian corporation tax	**310**	144
	-	(15)

12. TRADE AND OTHER PAYABLES

	30 January 2021 £'000	1 February 2020 £'000
Trade payables	**15,977**	21,711
Other payables	**5,614**	3,511
Other tax and social security	**630**	348
Accruals and deferred income	**13,593**	11,294
	35,814	36,864

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 16.

13. LOANS AND BORROWINGS

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

	30 January 2021 £'000	1 February 2020 £'000
Non-current liabilities		
Secured bank loans	**90,293**	68,667
Finance leases	**567**	1,366
	90,860	70,033
Current liabilities		
Current portion of secured bank loans	**1,686**	910
Finance leases	**577**	309
	2,263	1,219
Total loans and borrowings	**93,123**	71,252

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 30 January 2021 £'000	Face value and carrying amount 1 February 2020 £'000
Term Loan A1	GBP	LIBOR plus 8%	2024	**44,932**	**44,932**
Term Loan A2	Yen	LIBOR plus 8%	2024	**6,581**	**6,600**
Term Loan A3	GBP	LIBOR plus 8%	2024	**4,797**	**4,797**
Capital Expenditure Facility	EUR	LIBOR plus 8%	2024	**10,000**	**10,000**
Revolving Credit Facility	GBP	LIBOR plus 3%	2023	**10,000**	-
Revolving Credit Facility	GBP	LIBOR plus 3%	2023	**13,000**	-
Term Loan Gruppo UBI	EUR	EURIBOR plus 2%	2024	**5,389**	**6,121**
COVID Loan	EUR	Fixed 1.13%	2026	**22**	-
PPP loan	USD	Fixed 1%	2022	**69**	-
Total loans and borrowings				**94,790**	**72,450**

14. DEFERRED TAX LIABILITY

The deferred tax assets and liabilities at 30 January 2021 arose as follows:

	Short term timing differences	Intangible Assets	Recognised Losses	Accelerated capital allowance	30 January 2021 Total Liability
	£'000	£'000	£'000	£'000	£'000
Brought forward at 2 February 2020	(307)	(20,533)	1,527	3,720	(15,593)
Movement in period	1,003	302	4,867	(709)	5,463
Adjustment in respect of prior periods	798	-	513	142	1,453
Effect of tax rate	(36)	(2,416)	180	430	(1,842)
Closing asset/(liability) as at 30 January 2021	**1,458**	**(22,647)**	**7,087**	**3,583**	**(10,519)**

	30 January 2021	1 February 2020
	£'000	£'000
Deferred tax assets not provided		
Accelerated capital allowances	-	95
Trading tax losses	2,471	798
Short term timing differences	-	2,724
Deferred tax assets not recognised at period end	**2,471**	**3,617**

Deferred tax not provided

The Group has gross tax assets totalling £13.0m (2020: £21.3m) on which deferred tax assets have not been recognised. The potential deferred tax asset of £2.47m (2020: £3.62m), which relates to pre April 2017 losses, has not been recognised on the consolidated Statement of Financial Position as at 30 January 2021 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 30 January 2021 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. FINANCIAL INSTRUMENTS

Fair values of financial instruments

The following tables show the carrying amounts and fair values of the Group's financial instruments at 30 January 2021 and 1 February 2020. The carrying amounts are included in the consolidated Statement of Financial Position. The fair values of the financial instruments are the amounts at which the instruments could be exchanged in a current transaction between willing parties and are based on Level 1 inputs.

Derivative	30 January 2021 £'000	1 February 2020 £'000
Fair value of interest rate swap	-	-
Fair value of FX forward contracts	-	104
Liability	-	104

The carrying amounts of financial assets and liabilities, together with their fair values at 30 January 2021, were as follows:

	30 January 2021		1 February 2020	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Non-Derivative				
Trade and other receivables	20,197	20,197	18,691	18,691
Cash and cash equivalents	12,578	12,578	12,229	12,229
Secured bank loans and borrowings	(94,790)	(94,790)	(72,450)	(72,450)
Trade and other payables	(35,814)	(35,814)	(36,864)	(36,864)
	(97,829)	(97,829)	(78,394)	(78,394)

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

	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to <2years £'000	2 to <5years £'000
Non-derivative financial liabilities					
Secured bank loans	94,790	94,790	1,686	6,762	86,342
Interest payable	1,860	19,460	6,956	6,917	5,587
Finance leases	1,144	1,144	577	561	6
Total	**97,794**	**115,394**	**9,219**	**14,240**	**91,935**

15. FINANCIAL INSTRUMENTS (continued)

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 above ratios are reviewed on a quarterly basis to ensure covenant compliance:

- Net leverage
- Liquidity

The Group was covenant compliant throughout the period.

The gearing ratios as at 30 January 2021 and 1 February 2020 are as follows:

	30 January 2021 £'000	1 February 2020 £'000
Total loans and borrowings (note 13)	**93,123**	71,252
Cash and cash equivalents	**(12,578)**	(12,229)
Net debt	**80,545**	59,023
Total share capital	**101,561**	101,561
Total capital	**182,106**	160,584
Gearing ratio	**44%**	37%

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 LIBOR, 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 30 January 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) Currency risk; and

(iv) Credit risk.

15. FINANCIAL INSTRUMENTS (continued)

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	**30 January 2021**		1 February 2020	
	Less than 1 year	**Over 1 year**	Less than 1 year	Over 1 year
Non derivative financial liabilities	**£'000**	**£'000**	£'000	£'000
Trade and other payables	**35,814**	**-**	36,864	-

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.

Equity price risk arises generally from available-for-sale equity securities held within the Liberty Retail Limited pension scheme. These investments are held to meet the funded and unfunded portion of the Group's defined benefit pension obligations. Material investments within the portfolio are managed on an individual basis and all material buy and sell decisions are approved by the Trustees of the pension scheme, one of which is a senior executive of the Group.

The primary goal of the Group's available-for-sale equity securities investment strategy is to maximise investment returns commensurate with acceptable levels of risk, in order to meet as much as possible the Group's defined scheme pension obligations. Management is assisted in this regard by professional external advisors. Further details are contained in Note 3 Employee Benefits.

Market risk - Foreign currency risk

62% of the Group revenue and 63% of the Group's purchases are denominated in Sterling, the Group's functional currency. Payments in Yen accounted for 11%; payments in Euros accounted for 22% and payments in US dollars accounted for 3% of total payments in the period. Receipts in Yen accounted for 14%; receipts in Euros accounted for 19% and receipts in US dollars accounted for 4% 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 30 January 2020. The remaining 15% of Group net assets are denominated in Japanese Yen, Euros, US Dollars, Chinese Renmimbi and Brazilian Reals.

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 30 January 2021.

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. 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.

15. FINANCIAL INSTRUMENTS (continued)

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:

	30 January 2021	1 February 2020
	£'000	£'000
Trade receivables	**14,137**	11,392

The ageing of trade receivables at 30 January 2021 was:

	Gross	**Impairment provision**
	30 January 2021	**30 January 2021**
	£'000	**£'000**
Not overdue	12,603	-
0-30 days overdue	1,104	-
31-120 days overdue	17	-
120 days + overdue	1,073	660
Total	**14,797**	**660**

The impairment provision at 30 January 2021 of £660,000 (2020: £229,000) 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.

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

	52 week period ended 30 January 2021	52 week period ended 1 February 2020
	£'000	£'000
Balance brought forward	**(229)**	(179)
Increase in expected credit loss	**(431)**	(50)
Balance at end of period	**(660)**	(229)

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.

16. PROVISIONS

	52 week period ended 30 January 2021 £'000	52 week period ended 1 February 2020 £'000
Asset removal obligation	-	86
Dissentient shareholders	194	202
Other	-	67
Balance at end of period	194	355

17. SHARE CAPITAL AND PREMIUM

	30 January 2021 £'000	1 February 2020 £'000
Allotted, called up and fully paid		
Share capital (93,205,240 (2020: 93,205,240) shares in issue)	932	932
Share premium	100,629	100,629
Total parent company share capital and premium	101,561	101,561
Total consolidated share capital and premium	101,561	101,561

The Company's issued share capital at 30 January 2021 comprises A and B ordinary shares plus D1, D2 and D3 Management Incentive Shares. The A and B ordinary shares carry the right to vote. The D1, D2 and D3 shares do not have voting rights.

Dividends on ordinary shares

No ordinary dividends were declared during the period. Holders of A and B ordinary 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.

18. 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	**56,478**	**43**	**58**	**56,579**
Additions	74	-	49	**123**
Depreciation	(3,379)	(33)	(41)	**(3,453)**
Net book value at 30 January 2021	**53,173**	**10**	**66**	**53,249**
At 30 January 2021				
Cost or valuation	**56,552**	**43**	**107**	**56,702**
Accumulated Depreciation	(3,379)	(33)	(41)	**(3,453)**
Net book value	**53,173**	**10**	**66**	**53,249**

Lease Liability

	Current £'000	Non-current £'000	Total £'000
At 1 February 2020	1,755	56,725	**58,480**
Additions	25	98	**123**
Interest	2,632	-	**2,632**
Lease payments	(4,376)	-	**(4,376)**
Transfers	1,765	(1,765)	-
At 30 January 2021	1,801	55,058	**56,859**

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.

19. COMMITMENTS AND GUARANTEES

Operating lease commitments

Non-cancellable operating lease commitments of the Group relate to relate to leases which are not included in note 18, due to being short term or low value.

	30 January 2021 £'000	1 February 2020 £'000
Within one year	-	37
Between one and five years	-	-
After more than five years	-	-
	-	37

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 £1,819,000 (2020: £1,167,000).

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.

19. COMMITMENTS AND GUARANTEES (continued)

Audit Exemption under section 479A of the Companies Act 2006 (continued)

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 30 January 2021:

- Liberty Gamma Holdings Limited
- Liberty Alpha Limited
- Liberty of London
- Liberty Theta Limited
- Liberty Kappa Limited
- Liberty Investment Limited
- Christy and Co. Limited
- C W Headdress Limited
- Liberty Lease Limited
- Lothian Shelf (725) Limited
- Lothian Shelf (733) Limited
- Lothian Shelf (728) 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.

20. 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 Olonia. Olonia pays rent for occupying and utilising the land and buildings which is calculated on an arm's length basis. Rent of £649,000 (2020: £590,000) was paid during the period.

In addition to the above, Liberty Retail Limited purchased goods totalling £166,000 (2020: £247,000), from other entities included within the BlueGem fund portfolio. Liberty Fabric Limited sold goods totalling £73,000 (2020: £158,000) to another entity included within the BlueGem fund portfolio. Liberty of London Limited invoiced £nil for royalties due from another entity included within the BlueGem fund portfolio (2020: £27,000).

21. POST BALANCE SHEET EVENTS

In the post balance sheet period, the directors reviewed trading scenarios and considered the detrimental impact of an extended period of store closure and slow recovery. As a result, the Group re-engaged with its lenders and shareholders to look to restructure the finance agreement that was signed in July 2020. On 1st April 2021 the Group signed an amendment 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 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 the Group drew £6,000,000 of that 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY ZETA LIMITED

Report on the audit of the company financial statements

Opinion

In our opinion, Liberty Zeta Limited's company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 January 2021;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Parent Company Statement of Financial Position as at 30 January 2021; the Parent Company Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and the Directors' Report

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 period ended 30 January 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to money laundering and proceeds of crime, tax legislation and data privacy law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management estimates, the posting of inappropriate journals to manipulate expenses and EBITDA, unusual journal descriptions, and unusual and infrequent users. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non- compliance with laws and regulation and fraud.
- Inquiring with management's legal counsel in relation to the nature of any legal claims and expenses.
- Challenging assumptions and judgements made by management in their significant accounting estimates, including with respect to the impairment review of investments in subsidiaries and expected credit loss of intercompany receivables.
- Identifying and testing journal entries to address the risk of inappropriate journals referred to above.
- Incorporating an element of unpredictability into our testing.
- Understanding of management's tax compliance controls along with review of correspondence with tax authorities and understanding of the tax laws in the various territories in which the company operates.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY ZETA LIMITED

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the group financial statements of Liberty Zeta Limited for the period ended 30 January 2021.

Brian Henderson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

27 May 2021

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
as at 30 January 2021

	Note	30 January 2021 £'000	1 February 2020 £'000
Non-current assets			
Investment in subsidiary undertakings	2	**99,835**	99,835
Current Assets			
Trade and other receivables	3	**5,512**	5,518
Current Liabilities			
Trade and other payables	4	**(3,868)**	(3,784)
Net Current Assets		**1,644**	1,734
Net Assets		**101,479**	101,569
Capital and Reserves			
Share capital		**104,978**	104,978
Loss for the financial period		**(90)**	(167)
(Accumulated losses)/retained earnings		**(84)**	83
Capital Redemption Reserve		**104**	104
Capital Reserve		**(3,429)**	(3,429)
Total Equity		**101,479**	101,569

The parent company has no cash flows, therefore no cash flow statement has been prepared.

The notes on pages 56 to 60 form part of these financial statements.

The financial statements were approved by the Board of Directors on 27 May 2021 and signed on its behalf by:

Adil Mehboob-Khan
Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 30 January 2021

	Share Capital	Accumulated Losses	Capital Redemption reserve	Capital Reserve	Total Equity
	£'000	£'000	£'000		£'000
Balance at 2 February 2019	**105,074**	**(417)**	-	-	**104,657**
Issue of shares	8	-	-	-	**8**
Loss for the financial period	-	(167)	-	-	**(167)**
Dividends received	-	20,500	-	-	**20,500**
Share buyback	(104)	(20,000)	104	(3,429)	(23,429)
Balance at 1 February 2020	**104,978**	**(84)**	**104**	**(3,429)**	**101,569**
Loss for the financial period	-	(90)	-	-	**(90)**
Balance at 30 January 2021	**104,978**	**(174)**	**104**	**(3,429)**	**101,479**

The notes on pages 56 to 60 form part of these financial statements.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
for the 52 week period ended 30 January 2021

1. ACCOUNTING POLICIES FOR PARENT COMPANY FINANCIAL STATEMENTS

Principal Activities

Liberty Zeta Limited (the "Company") is the ultimate holding company of the Liberty Group of companies (the "Group"). The company is registered in England and Wales and the registered office is 210 – 220 Regent Street, London, W1B 5AH.

Basis of preparation

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

The company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Use of estimates and judgements

The preparation of financial statements requires management 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 as follows:

Estimates

- Investments - the assumptions used to assess value in use for impairment testing i.e. growth rate, discount rate and sales and margin assumptions. A change in any of these assumptions could result in a significant impairment which could be material to the Company. See Note 2.

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 Instruments

Trade receivables are initially recognised at fair value and subsequently held at amortised cost less provisions for impairment. A provision for impairment of trade receivables is 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 IAS 39, 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.

2. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	30 January 2021	1 February 2020
	£'000	£'000
Investment in subsidiary undertakings	**99,835**	99,835

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

The subsidiary undertakings of the Company at 30 January 2021, all of which are engaged in retail, wholesale and printing operations or related activities, or act as intermediary holding, financing and management companies for such operations, were as follows:

2. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

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

2. INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

Liberty Fabric Spain (9)	Wholesale	Ordinary	100%	Liberty Fabric Sales Limited
Liberty Lease Limited	Holding company	Ordinary	100%	Liberty Retail Limited
Lothian Shelf (725) Limited	Holding company	Ordinary	100%	Liberty Zeta Limited
Lothian Shelf (728) Limited	Holding company	Ordinary	100%	Liberty Zeta Limited
Lothian Shelf (733) Limited	Holding company	Ordinary	100%	Liberty Zeta Limited

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, NY 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

(9) Incorporated in Spain. Registered address: 97 Pau Claris, Barcelona, Spain

In March 2021, strike off procedures were commenced in respect of Lothian Shelf (725) Limited, Lothian Shelf (728) Limited and Lothian Shelf (733) Limited.

3. TRADE AND OTHER RECEIVABLES

	30 January 2021 £'000	1 February 2020 £'000
Other receivables	-	1,047
Amounts due from subsidiary undertakings	**5,512**	7,403
	5,512	8,450

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

4. TRADE AND OTHER PAYABLES

	30 January 2021 £'000	1 February 2020 £'000
Other payables	**4**	-
Amounts due to subsidiary undertakings	**3,864**	3,628
	3,868	3,628

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

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
for the 52 week period ended 30 January 2021

5. 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 (2020: nil). Three Directors (2020: four) received remuneration from a subsidiary of the Company. The amounts paid to these for the services to the Group are included in Note 2 in the Group financial statements.

6. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

7. GUARANTEES

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