Parent for:
12079909

All Saints Retail Limited

Report and financial statements
Period ended 1 February 2020

Company number 4096157

Contents

Directors and advisers

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P. Wood
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Group strategic report

The directors present their Group strategic report for the All Saints Retail Limited Group (the "Group") for the 52-week period ended 1 February 2020. The Group chooses to close the year in this manner to ensure the reporting is aligned with the retail calendar.

Principal activities and review of the business

AllSaints is a global contemporary fashion brand that is headquartered in East London and designs menswear and womenswear collections. AllSaints curates every aspect of the brand experience in-house, from store design and construction to the allsaints.com web platform. The brand has directly operated stores, concessions and outlets across the UK, Europe, North America and Asia. In addition, in recent years the brand has enjoyed success in developing non-retail activities around the world, including new wholesale business, licensing income and franchise partnerships.

The Group's principal activities during the period continued to be that of designing and retailing clothing, footwear and accessories.

The Group's key financial performance indicators during the period were as follows:

	2020	2019
	£'000	£'000
Group turnover	**364,079**	330,982
Gross profit	**233,307**	216,179
Gross margin	**64.1%**	65.3%
Pre operating exceptionals EBITDA	**63,777**	20,557
Operating exceptionals	**(6,551)**	(3,171)
Post operating exceptionals EBITDA	**57,226**	17,386

These results reflect the Group's most successful financial performance in the brand's 25-year history. Despite challenging market conditions, the Group achieved a seventh consecutive year of sales growth (+10%) and reported growth in all channels in which it operates, i.e. Stores, Digital and Non-retail. Non-retail channels include wholesale business with leading department stores worldwide, as well as sales to franchise partners in 8 countries. The Group achieved like-for-like sales growth in its physical stores and, as well as growing in every channel, AllSaints delivered sales increases in each of its trading regions, UK (9%), Europe (11%), North America (12%) and Asia (5%). This was driven by a combination of like-for-like sales growth and new business.

Gross profit margin decreased to 64.1% compared with 65.3% in the previous period. This was largely driven by a change in sales mix as a result of an increase in non-retail revenues, which have a lower gross margin.

The Group's EBITDA pre operating exceptional items for the period increased to £63.8 million, which includes the impact of the required implementation of IFRS 16 accounting standard on property related costs. It should be noted the 2019 results in these financial statements are not restated for the impact of IFRS 16. The Group's EBITDA prepared on a 2019 financial statement equivalent basis (pre IFRS 16 implementation) was £29.1 million. Further information regarding the implementation of IFRS 16 can be seen in the note 1.e) to the accounts.

Operating exceptional costs of £6.6 million were incurred during the period (versus £3.2 million in 2019), £3.6 million of which related to Property impairment costs for fixtures and fittings and rights of use assets. As a result, the Group's EBITDA post operating exceptionals was £57.2 million.

The Group continued to invest in stores and concessions (2 new stores and 10 new concessions were opened in the financial year) and software development, with capital expenditure of £12.0 million (2019: £12.9 million).

The Group ended the period with inventories of £62.7 million, compared with £56.1 million at the previous period end, an increase of 12%. A key focus for the Group was to maximise sales over its peak trading period in November and December. This resulted in higher stock intake to drive incremental sales which was achieved successfully. This investment in new season product and continued capital investment to drive the business contributed to a cash outflow for the Group of £5.0 million during the period.

Group strategic report

2020 Update

The COVID-19 pandemic has brought a unique and unprecedented challenge to the world. AllSaints began 2020 with strong momentum and a clear strategy but has had to abandon its original objectives as it seeks to tackle this challenge head-on. Its priority remains to ensure the safety and wellbeing of its customers and staff, whilst evolving its operating model, so it is well placed to rebound in 2021 and resume growth.

In complying with government restrictions imposed by COVID-19, AllSaints closed all of its stores in the UK, Europe, USA and Canada in the second half of March 2020. Closures have also occurred in a significant proportion of the store portfolio in Asia. Since June 2020, stores have re-opened worldwide but remain subject to local lockdowns and restrictions.

Since the onset of the pandemic, the senior leadership team has taken a number of operational actions to attempt to mitigate the impact of COVID-19 on the business. A digital focus has been embedded throughout the organisation, prioritising inbound inventory flow, distribution centre operations and online stock availability. Notwithstanding the significant challenges created by COVID-19 and the impact of temporary store closures, the business has shown resilience and the ability to adapt. Online sales have reported a growth of over 70% versus prior year in the first half of 2020 and the AllSaints customer base continues to grow.

The Group also engaged immediately with all relevant stakeholders, including its suppliers, employees, landlords, governments and providers of capital. Various measures have been taken to preserve cash and liquidity whilst attempting to preserve as many jobs as possible. Discretionary spend and capital expenditure has been halted and payment plans have been agreed with stock suppliers for committed spend. Salary sacrifice was unanimously volunteered amongst the senior leadership team and advantage has been taken of all government support available, including furlough schemes, the deferral of PAYE and duty, as well as the business rates holiday in the UK. AllSaints is in regular dialogue with its lenders and has proactively addressed the ongoing and potential future impact of COVID-19 on its banking facilities and covenants.

As with many retail and hospitality businesses, the prolonged lockdown placed a significant strain on the Group's liquidity position during the summer of 2020. Notwithstanding an effective digital trading strategy and proactive management of key stakeholders, the directors took the decision to launch Company Voluntary Arrangements (CVAs) in respect of AllSaints' UK, European and North American stores. The CVA's were undertaken with the full consent of the debt capital providers.

The purpose of the CVAs was to remove rent liability that had accrued during lockdown and align future rents to sales performance. On 3rd and 6th July, the vast majority of the AllSaints' creditors voted in favour of the CVA proposals. This provided immediate liquidity relief to the Group and an improved operating model to withstand the continuing impact of COVID-19. A lower occupancy cost base will allow for the investment in product required to recover sales as quickly as possible and provide more certainty for AllSaints' creditors. As part of the CVA and following shareholder approval, approximately £184 million of intercompany debt has also been written-off to bolster the company's balance sheet.

Whilst the majority of stores have reopened, there remains considerable uncertainty around the long-term effect of COVID-19 on consumer behaviour. AllSaints has introduced social distancing and hygiene measures in its stores and workplaces to ensure the safety of its customers and employees, but footfall to stores is expected to be supressed.

To date, AllSaints has demonstrated the flexibility and agility to adapt to this unprecedented retail environment and it has confidence in its multi-channel proposition to continue to serve its customers around the world. The directors and senior leadership team continue to monitor COVID-19 developments carefully and take the appropriate actions in the best interests of the business and its return to growth as soon as practical.

Group strategic report

Financial risk management objectives and policies

The principal risks and uncertainties facing the Group are broadly grouped as market conditions, liquidity risk, and foreign currency fluctuations.

Market conditions
Uncertainty around the scale, timing and impact of the coronavirus pandemic remains. The directors continuously monitor market conditions, as well as general economic trends and competitor activity. Appropriate steps are taken to minimise the Group's exposure to any potential challenges in each of the geographical territories the Group trades in. The directors seek to ensure that the Group maintains a compelling product offering that appeals to a broad range of consumers and is differentiated from competing propositions.

Whilst market conditions continue to be challenging, the directors believe that the quality of the Group's product range and the continued innovation and creativity of the Group's design team, along with the Group's strong digital offering will help to ensure that the Group is well-positioned to mitigate risk.

Liquidity risk
To manage liquidity risk the Group maintains appropriate financing lines to ensure that the Group has sufficient available funds to finance its operations.

Foreign currency fluctuations
The Group is exposed to foreign currency fluctuations, in particular through its supplier payment structure, along with exposure to interest rate changes through its financing facilities. The directors monitor these risks and take appropriate steps to minimise the Group's exposure to potential volatility in these areas.

Business interruption
The Group manages any business interruption risk through disaster recovery planning for each of its key risks. Each disaster recovery plan addresses alternative operations for the risk at hand.

Brexit
The United Kingdom (UK) held a referendum on 23 June 2016 voting in favour of leaving the European Union (EU). On 31 January 2020, the UK formally left the EU and entered a transition period which is scheduled to end on 31 December 2020. At this stage, the exact nature of the UK's future relationship with the EU beyond the end of the transition period remains uncertain. The principal risk lies where no agreement is reached with the EU, in particular a trade deal, which would bring added risk and complexity to our UK procurement operations. Furthermore, sales from our UK operations to customers within the EU would also incur duty charges potentially impacting our competitiveness. The Group has plans in place to mitigate the risk of Brexit where possible.

The environment

The Group has continued to adopt policies and procedures which take account of the need to preserve and protect the environment. The directors are committed to compliance with environmental best practice in all aspects of the business.

Section 172 Statement

The directors consider that the following Groups are key stakeholders:

Shareholders

The Group relies on its shareholders to further business objectives and its long-term growth strategy. The Chief Executive Officer and Chief Financial Officer hold board meetings with the Group's shareholders during the year and the Chairman and Chief Executive Officer are also in regular communication. During the period, AllSaints has engaged with its shareholders on a range of topics including Company financial performance, its long-term strategic business plan, sustainability initiatives and executive remuneration and incentives. The Group's shareholders have had the opportunity to ask questions and represent their views formally to the Board with the Chief Executive
Officer and Chief Financial Officer at the meetings. The interests of the Group's shareholders were considered as part of the Board's decision making policy throughout the year.

Suppliers

The Group places utmost importance in maintaining strong partnering relationships and a regular dialogue with all of its suppliers. Each year, AllSaints holds an annual vendor conference to provide an update to the vendor community on financial performance and strategic initiatives. The Group also focuses on its suppliers in order to maintain a reputation for high standards of business conduct and to act in an ethical manner. Following these interactions, suppliers were able to flex their production during the period to align with Group strategy. The Group also continues to regularly engage with suppliers and freight forwarders to minimise the impact of Brexit on business continuity. This is important to maintain the quality of service levels to AllSaints' customers.

Employees

Employees are at the heart of the AllSaints business and the Group proactively engages with its workforce through a number of mechanisms. Employees are kept informed of performance and strategy via regular updates from the senior leadership team, including town hall meetings and intranet community posts. Employee engagement surveys are conducted twice a year to provide an opportunity for all employees to provide anonymous feedback to the organisation. The results are then shared with the senior leadership team and the Board. This regular engagement ensures the fostering of an environment employees are happy to work in and that best supports their wellbeing.

The Board also continues to support investment in training and development. The Group has introduced a mid-level leadership development programme to provide future-proof succession planning to the senior leadership team. Historically, a third of the Group's roles have also been filled by internal promotion. Taken together the Board considers these measures an effective means to ensure the views and development of the global team are taken into account.

With regard to health, safety and wellbeing, the Group carried out full health and safety risk assessments, fire marshal training and first aid training for store, distribution centre and head office teams during the year. Policies are implemented in conjunction with these training programs to protect employees and customers.

AllSaints also prides itself on being not only a very diverse business, but an inclusive one where employees are free to be their true selves at work. A quarter of the Group's employees globally are BAME and 60% are female (53% at operating board level.) For a third year running, the Group has reported zero median gender pay gap. This is also the second year of the Group's partnership with LGBTQ+ rights campaign group Kaleidoscope Trust. An internal anti-racism forum has also been set up this year and equality and diversity training has been made mandatory for all employees.

Customers

The Group's product, marketing and distribution strategy is centred around its customers and without whom the business would not exist. Building brand value and loyalty with customers is essential to the Group's long-term sustainability. Customer sentiment can be observed in the Group's underlying sales figures and the Board receives regular updates on product feedback and trading performance. This feedback and the interests of customers are then considered in key business decisions, including product improvements, store portfolio changes, the monitoring of supplier quality and safety standards, optimising freight and logistics to ensure efficient order and delivery is adhered to, as well as new marketing initiatives. With the interests of the Group's customers in mind, during the year the Board and senior leadership reviewed proposals in respect of new store openings, capital expenditure on stores and the Group's e-commerce platform, as well as wholesale and franchise opportunities with new partners.

Group strategic report

Providers of debt capital

Continued access to capital is of vital importance to the long-term success of the Group. The Chief Financial Officer is responsible for managing the relationships with the Group's lenders and for the Group's cash management and financing activities. The Board receives regular updates on these activities and monitors the Group's liquidity position, together with covenant compliance of lending facilities. During the period, the Board approved a new debt financing of £7.8 million from the Company's existing lender to provide incremental liquidity to the Group and growth capital for future strategic initiatives.

By order of the Board

P. Wood
Director
19 October 2020

Directors' report

The directors present the Group strategic report, the Director's report and the financial statements of the Group and All Saints Retail Limited (the "Company") for the 52-week period ended 1 February 2020.

Directors

The directors who served during the period are as stated below:

D. Dovermann (appointed 3 July 2019 and resigned 28 February 2020)
L. Lea (appointed 3 July 2019)
R. O'Connor (resigned 3 July 2019)
M. Wilson
P. Wood

The Company has arranged qualifying third-party indemnity for all of its directors.

Dividends

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

Future developments

Given the unprecedented circumstances relating to COVID-19 post period-end, and following on from the CVA successfully voted through by creditors in July, management continue to monitor trading carefully and take appropriate actions in the best interests of the business. Lion Capital (the Group's ultimate shareholder) plan to contribute the John Varvatos brand and assets into the AllSaints Group in line with their commitment under the CVA.

The impact of CVA and COVID-19 are non-adjusting post balance sheet events and are not reflected in these financial statements.

Going concern

The principal uncertainty to the Group remains footfall to physical stores and the long-term impact of COVID-19 on consumer behaviour. The forced closures of AllSaints stores due to lockdown restrictions has meant a change in the way customers shop the AllSaints brand and a rapid shift to online sales. AllSaints has refocused its trading strategy to capture this digital shift and has realised significant increases in online revenue as at the date of these financial statements. This has partially offset the shortfall in store sales and the Directors are encouraged that the AllSaints customer base has continued to grow by a double-digit percentage during this period of disruption even whilst stores have been closed.

The Group's two core distribution centres and in-house customer service team remain integral to serving online demand and the fulfilment of online customer orders, and have continued to operate without any significant disruption throughout the period. The Directors have considered and actioned as appropriate, various operational contingency measures in order to safeguard distribution centre operations including introducing rotational shift patterns and employee temperature testing on entry.

In addition to support from governments and suppliers, the Directors have taken significant actions to improve the Group's liquidity position and covenant compliance, principal of which is the launch of two CVAs in respect of the Group's UK, European and North American stores. This has provided immediate liquidity relief and has aligned future rental expenses to store performance which significantly mitigates the risk of continued weakness in store sales in financial year 2021/22 or subsequent lockdowns.

The Group also maintains regular dialogue with its debt capital providers and agreed a short-term covenant waiver over the peak of the COVID-19 impact. As of August, the last reported month before the signing of the accounts, the Group had a net debt position of £31.4 million and was in compliance with its financial covenants. The Group's peak November/ December trading period is expected to further improve liquidity, subject to further lockdown situation.

In light of the uncertainty around the scale, timing and impact of the COVID-19 pandemic on the business, the Directors have prepared detailed financial forecasts for the Group under a range of different scenarios. These scenarios compare future cash flows with available working capital facilities and financial covenant headroom. The Directors consideration of the impact of COVID-19 on the basis of going concern is further discussed in Note 1.

Most importantly, the Directors believe that the continued growth of the AllSaints customer database during the COVID-19 pandemic demonstrates the resilience of the AllSaints brand ensuring the Group is well-placed to return to growth when the COVID-19 disruption ends and it continues to be an attractive proposition for key stakeholders.

Disabled employees

The Group gives full consideration to applications for employment from persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. The same opportunities are available to disabled employees in relation to training, development and promotions as for all other employees. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate adaptations, support and training to achieve this aim.

Employee involvement

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulation 2004. During the period, employees are provided with information about the Group through companywide meetings as well as through email communication. Regular meetings are held between employees and their line managers to allow a free flow of information and ideas.

Auditors

The Board is recommending that Ernst & Young LLP be reappointed as auditors for the period ending 30 January 2021.

By order of the Board

P. Wood
Director
19 October 2020

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the Company financial statements in accordance with FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRS as adopted by the European Union and the Company financial statements have been prepared in accordance with UK GAAP, (FRS101) subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Directors' statement as to the disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALL SAINTS RETAIL LIMITED

Opinion

We have audited the financial statements of All Saints Retail Limited ('the parent company') and its subsidiaries (the 'Group') for the period ended 1 February 2020 which comprise the Group income statement, the Group statement of comprehensive income, the Group statement of financial position, the Group statement of changes in equity, the Group statement of cashflows, the Parent Company statement of financial position, the Parent Company statement of changes in equity and related notes 1 to 41, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 1 February 2020 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Material uncertainties related to going concern

We draw attention to Note 1 in the financial statements, which explains that the COVID -19 pandemic is having a material adverse impact on the operations, cashflow and liquidity of the Group and the parent company due to the fact that the Group has had to close temporarily the majority of its stores globally. There is material uncertainty around the trading performance and unpredictability of consumer behaviour due to COVID-19 that could have an impact on the Group and Company's ability to meet financing covenants and maintain liquidity. As stated in Note 1, these events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP

Julie Carlyle (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 19-10-2020

Group income statement
For the period ended 1 February 2020

	Note	**52 weeks ended 1 February 2020**	52 weeks ended 2 February 2019
		£'000	£'000
Revenue	2	**364,079**	330,982
Cost of sales		**(130,772)**	(114,803)
Gross profit		**233,307**	216,179
- Exceptional items	3	**(6,551)**	(3,171)
- Other administrative expenses		**(217,352)**	(209,376)
Administrative expenses		**(223,903)**	(212,547)
Operating profit	3	**9,404**	3,632
Finance income	6	**91**	4
Finance expense	7	**(41,836)**	(29,748)
Loss before taxation		**(32,341)**	(26,112)
Income tax expense	8	**(13,102)**	(563)
Loss for the financial period		**(45,443)**	(26,675)

The notes on pages 17 to 41 form part of these financial statements.

Group statement of comprehensive income
For the period ended 1 February 2020

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	£'000	£'000
Loss for the financial period	**(45,443)**	(26,675)
Items that may be reclassified to profit or loss (net of tax):		
Gain on foreign currency translation differences arising on consolidation of foreign operations	**853**	888
Other comprehensive income for the period, net of tax	**853**	888
Total comprehensive expense for the period	**(44,590)**	(25,787)

The notes on pages 17 to 41 form part of these financial statements.

All Saints Retail Limited

Group statement of financial position
At 1 February 2020
Company number 4096157

	Note	1 February 2020 £'000	2 February 2019 Restated £'000
ASSETS			
Non-current assets			
Intangible assets	9	**10,907**	10,446
Property, plant and equipment	10	**25,147**	30,205
Right-of-use asset	11	**138,630**	-
Deferred tax asset	18	**-**	9,265
Trade and other receivables	12	**3,086**	2,440
		177,770	52,356
Current assets			
Inventories	13	**62,724**	56,131
Trade and other receivables	12	**26,864**	31,201
Cash and cash equivalents		**2,279**	293
		91,867	87,625
Total assets		**269,637**	139,981
LIABILITIES			
Current liabilities			
Trade and other payables	14	**(55,659)**	(66,642)
Borrowings	17	**(2,229)**	-
Income tax payable		**(5,136)**	(2,702)
Lease liabilities	16	**(30,770)**	-
Provisions	15	**(1,384)**	(4,222)
		(95,178)	(73,566)
Non-current liabilities			
Trade and other payables	14	**(263)**	(19,005)
Borrowings	17	**(275,851)**	(239,640)
Lease liabilities	16	**(140,465)**	-
Provisions	15	**(4,248)**	(10,066)
		(420,827)	(268,711)
Total liabilities		**(516,005)**	(342,277)
Net liabilities		**(246,368)**	(202,296)
EQUITY			
Share capital	19	**-**	-
Share premium		**9,555**	9,555
Translation reserve		**2,702**	1,849
Accumulated deficit		**(258,625)**	(213,700)
Equity shareholders deficit		**(246,368)**	(202,296)

The notes on pages 17 to 41 form part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors on 19 October 2020 and were signed on its behalf by:

P. Wood
Director
19 October 2020

Group statement of changes in equity
For the period ended 1 February 2020

	Share capital £'000	Share premium £'000	Translation reserve £'000	Accumulated deficit £'000	Total equity £'000
At 3 February 2018	-	9,555	961	(187,580)	(177,064)
Restatement in respect of prior years	-	-	-	555	555
Restated at 3 February 2018	-	9,555	961	(187,025)	(176,509)
Loss for the period	-	-	-	(26,675)	(26,675)
Other comprehensive income	-	-	888	-	888
Restated at 2 February 2019	-	9,555	1,849	(213,700)	(202,296)
Restated at 2 February 2019	-	9,555	1,849	(213,700)	(202,296)
Adjustment on initial application of IFRS 16	-	-	-	518	518
Adjusted balance at 3 February 2019	-	9,555	1,849	(213,182)	(201,778)
Loss for the period	-	-	-	(45,443)	(45,443)
Other comprehensive income	-	-	853	-	853
At 1 February 2020	**-**	**9,555**	**2,702**	**(258,625)**	**(246,368)**

The notes on pages 17 to 41 form part of these financial statements.

Group statement of cash flows

For the period ended 1 February 2020

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	£'000	£'000
Cash flows from operating activities		
Loss before taxation	**(32,341)**	(26,112)
Adjustments for:		
– Amortisation	**3,985**	2,120
– Depreciation	**43,837**	10,412
– Impairment	**3,651**	960
– Loss on disposal of property, plant and equipment	**-**	262
– Finance income	**(91)**	(4)
– Finance expense	**41,836**	29,748
– Foreign exchange gains on operating activities	**(747)**	(916)
– Increase in inventories	**(6,212)**	(10,099)
– Decrease/(increase) in trade and other receivables	**6,123**	(10,932)
– (Decrease)/increase in trade and other payables	**(7,163)**	11,558
– Decrease in provisions	**(1,070)**	(1,204)
Cash generated from operations	**51,808**	5,793
Interest received	**91**	4
Interest paid	**(10,074)**	(748)
Taxation paid	**(4,014)**	(4,523)
Net cash generated from operating activities	**37,811**	526
Cash flows from investing activities		
Purchase of property, plant and equipment	**(7,214)**	(8,549)
Purchase of intangible assets	**(4,269)**	(4,364)
Initial direct costs on right-of-use assets	**(261)**	-
Net cash outflow from investing activities	**(11,744)**	(12,913)
Cash flows from financing activities		
Proceeds received from drawdown of term loan	**7,800**	-
Repayment of term loan	**(836)**	-
Repayment of capital element of lease obligations	**(31,045)**	-
Net cash used in financing activities	**(24,081)**	-
Net (decrease)/increase in cash	**1,986**	(12,387)
Cash at the start of the period	**293**	12,680
Cash at the end of the period	**2,279**	293
Cash and cash equivalents comprise:		
Bank balance	**13,133**	16,415
Bank revolving credit facility	**(10,854)**	(16,122)
Cash and cash equivalents comprise	**2,279**	293

The notes on pages 17 to 41 form part of these financial statements.

Notes to the Group financial statements

1. Accounting policies

a) Reporting entity

All Saints Retail Limited (the "Company") is incorporated and domiciled in the United Kingdom.

These consolidated financial statements are for the All Saints Retail Limited Group (the "Group") and they comprise the Company and its subsidiaries which are listed in full in note 30 of the Company financial statements.

The Group's principal activities are the design and retailing of clothing, footwear and accessories.

The Group financial statements were approved by the Board of Directors on 19 October 2020.

b) Statement of compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and the Companies Act 2006.

The directors have taken advantage of the option within section 390 of the Companies Act 2006 to prepare their financial statements up to a date seven days either side of the Company's accounting reference date of 31 January 2020, and these accounts therefore cover the period from 3 February 2019 to 1 February 2020 (2019: 4 February 2018 to 2 February 2019).

c) Functional and presentational currency

These financial statements are presented in pounds Sterling (£), which is the Group and the Company's functional and presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Basis of preparation

The financial statements for the period ended 1 February 2020 have been prepared on a historical cost basis and in accordance with IFRS. The accounting policies set out below have been applied consistently to the Group to all periods presented in these financial statements.

The potential future scale and duration of COVID-19 remains unclear and this represents a material uncertainty that may cast significant doubt on the Group and the Company's ability to continue as a going concern. At the time of signing these financial statements, the Directors have performed a detailed review of the Group's projected cash flows, borrowing capacity and covenant compliance for the period of 15 months to the end of January 2022. This includes detailed financial forecasts under a range of scenarios, which focus on the potential impact of the COVID-19 pandemic on the Group's trading performance. The scenarios, which are deemed severe but plausible, compare future cash flows with available working capital facilities and financial covenant headroom. The principal assumptions include:

- Extended social distancing with global stores remaining open but having significantly lower footfall for the remainder of the year leading to a reduction in sales. This is followed by a gradual improvement in financial year 2021/22 but still below last year's levels.
- A second global lockdown of stores during the remainder of financial year 2020/21.

The Group also maintains regular dialogue with its debt capital providers and agreed a short-term covenant waiver over the peak of the COVID-19 impact. As of August, the last reported month before the signing of the accounts, the Group had a net debt position of £31.4 million and was in compliance with its financial covenants. The Group's peak November/ December trading period is expected to further improve liquidity, subject to further lockdown situation.

The Directors have also reverse stress tested the cash flows to understand when breaches of liquidity headroom and covenants could arise in financial year 2020/21 and financial year 2021/22. Although these severe downside scenarios are considered unlikely, the Directors have concluded that they represent a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern. However, the Directors note there would still be a number of mitigating and remedial actions that could be taken including additional cost saving initiatives within head office, payables management and a reduction in capital expenditure. Most importantly, the Directors are encouraged that the actions they took at the beginning of the COVID-19 disruption have ensured that the AllSaints customer database has continued to grow by a double-digit percentage during this unprecedented challenging period, and plans are in place to ensure that this growth continues so that the AllSaints brand remains an attractive proposition for key stakeholders. The Group and Company are well-placed to return to growth as soon as the COVID-19 disruption ends.

After reviewing the scenarios and mitigating actions available, the Directors have a reasonable expectation that the Group has adequate resources to continue trading as a going concern through the period considered. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Notes to the Group financial statements

1. Accounting policies (continued)

e) New accounting standards

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board ("IASB") became effective during the period ended 1 February 2020. The accounting policies adopted in the presentation of these financial statements reflect the adoption of the following new standards, amendments to standards and interpretations as of 31 January 2019.

- IFRS 16 Leases (effective for accounting periods starting on or after 1 January 2019)
- Annual improvements to IFRS Standards 2015-2017 Cycle (certain items effective from 1 January 2019)

With the exception of the adoption of IFRS 16, the adoption of the above standards and interpretations has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

IFRS 16 Leases

The Group has adopted IFRS 16 Leases for the period commencing 3 February 2019. This standard replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors under a single, on-balance sheet model.

The Group has adopted IFRS 16 Leases using a modified retrospective transition approach, where the initial right-of-use asset has been measured at an amount equal to the lease liabilities on the date of adoption. As a result, the comparative information presented for the period ended 2 February 2019 has not been restated and therefore continues to be shown under IAS 17.

i) Transition

The Group's lease portfolio is primarily comprised of property leases including stores, distribution centres and offices. Under IAS 17, the Group classified each of its leases (as lessee) at the inception date as operating leases. Lease payments were recognised as rental expenses in the income statement on a straight-line bases over the lease term.

Under IFRS 16, the Group now applies a single recognition and measurement approach for all leases for which it is a lessee, except for short term leases and leases of low value assets. The Group's new accounting policy for leases is set out below. The previous policy for leases is set out in note 1z) of the Group's financial statements for the 52 weeks to 2 February 2019.

The Group has elected to use the following practical expedients on transition to leases previously classified as operating leases:

- Applying a single discount rate to portfolios of leases with similar characteristics
- For leases determined to be onerous before the transition date, relying on this assessment as an alternative to performing an impairment review
- Electing not to apply the retrospective treatment to lease contracts that, at the adoption date, have a lease term of 12 months or less. These will be instead be treated as short term leases.

Further, the Group has reassessed subleases that were previously classified as operating leases applying IAS 17 to determine whether the sublease should be classified as an operating lease or a finance lease applying IFRS 16. This assessment was performed at the date of adoption with reference to the remaining contractual terms of the head lease and sublease.

The Group's opening balance sheet position as at 3 February 2019 has been restated on transition to IFRS 16. The Group now recognises right-of-use assets, lease liabilities, and finance lease receivables, along with a change in working capital, fixed asset and onerous lease provision. Any remaining difference has been recognised in retained earnings.

Notes to the Group financial statements (continued)

1. Accounting policies (continued)

e) New accounting standards (continued)

The impact on transition is summarised below:

	2 February 2019	IFRS 16 Impact on transition	**3 February 2019**
	£'000	£'000	**£'000**
ASSETS			
Non-current assets			
Intangible assets	10,446	-	**10,446**
Property, plant and equipment	30,205	(1,035)	**29,170**
Right-of-use asset	-	162,952	**162,952**
Deferred tax asset	9,265	-	**9,265**
Trade and other receivables	2,440	2,281	**4,721**
	52,356	164,198	**206,108**
Current assets			
Inventories	56,131	-	**56,131**
Trade and other receivables	31,201	(2,389)	**28,812**
Cash	293	-	**293**
	87,625	(2,389)	**85,236**
Total assets	139,981	161,809	**291,344**
LIABILITIES			
Current liabilities			
Trade and other payables	(66,642)	4,814	**(61,828)**
Income tax payable	(2,702)	-	**(2,702)**
Lease liabilities	-	(30,246)	**(30,246)**
Provisions	(4,222)	2,492	**(1,730)**
	(73,566)	(22,940)	**(96,506)**
Non-current liabilities			
Trade and other payables	(19,005)	18,309	**(696)**
Borrowings	(239,640)		**(239,640)**
Lease liabilities	-	(162,052)	**(162,052)**
Provisions	(10,066)	5,392	**(4,674)**
	(268,711)	(138,351)	**(407,062)**
Total liabilities	(342,277)	(161,292)	**(503,568)**
Net assets	(202,296)	518	**(212,224)**
EQUITY			
Share capital	-	-	-
Share premium	9,555	-	**9,555**
Translation reserve	1,849	-	**1,849**
Retained earnings	(213,700)	518	**(213,182)**
Total equity	(202,296)	518	**(201,778)**

Notes to the Group financial statements (continued)

1. Accounting policies (continued)

e) New accounting standards (continued)

The weighted average rate applied is 4.7%. The differences between the Group's operating lease commitments of £220.4 million at 2 February 2019 and lease liabilities upon adoption of IFRS 16 of £192.3 million are as follows:

	£'000
Operating lease commitments reported at 2 February 2019 under IAS 17	220,428
Leases exempt from applying IFRS 16 (short term leases)	(1,463)
Restatement of commitments at 2 February 2019*	4,503
Subtotal	223,468
Effect of discounting using the incremental borrowing rate at 3 February 2019	(31,170)
Lease liability opening balance as at 3 February 2019 under IFRS 16	192,298
Of which are:	
Current lease liabilities	30,246
Non-current lease liabilities	162,052

*Following a review of lease data validation during the IFRS 16 transition process, additional lease commitments were identified which were previously not part of operating lease commitments.

ii) New accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

The Group as lessee

Lease liabilities are initially recognised at the commencement date of the lease and are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate specific to the country, term and currency of the contract. The weighted average rate at 1 February 2020 is 4.7%.

Lease payments can include fixed payments, variable lease payments that depend on an index or a rate known at commencement date. The lease liability is subsequently measured at amortised cost using the effective interest rate method and remeasured when there is a change in the future lease payments in case of renegotiation, changes of an index or rate or in the case of reassessment of options.

Right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted for any subsequent remeasurement of lease liabilities. Cost includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are recognised at the commencement date of the lease (the date the underlying asset is available for use) and are classified as property or equipment. Right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to testing for impairment if there is an indicator for impairment, as for owned assets.

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date. It also applies the low value asset recognition exemption to leases of low value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense to the income statement, as well as costs relating to variable lease payments that are not dependent on an index or rate.

The Group as lessor

The Group acts as a lessor of some properties. Leases in which substantially all of the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee by the lessor are classified as finance leases, otherwise the lease is classified as an operating lease. This assessment is performed with reference to the head lease right-of-use asset.

1. Accounting policies (continued)

e) New accounting standards (continued)

Amounts due from lessees under finance leases are recorded under Trade and other receivables at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, reflecting a constant periodic rate of return on the Group's net investment in the lease. Operating lease income is recognised as earned on a straight-line basis over the lease term.

iii) Updates to judgements and estimates

The lease term is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option under some of its leases to extend the lease term (extension option) or terminate the lease early (break option). The Group applies judgement in evaluating whether it is reasonably certain to exercise these options. Considerations may include the contractual terms and conditions for the optional periods compared to market rates, costs associated with the termination of the lease and the importance of the underlying asset to the Group's operations.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the options to renew (e.g. a change in business strategy).

The discount rate used to calculate the lease liability is the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate specific to the country, term and currency of the contract. The discount rate is determined using a reference (risk free) rate and an adjustment to reflect the credit risk.

f) Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amount of assets, liabilities, income, expenses and other disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next year are set out below.

Impairment of goodwill, intangible assets, property, plant and equipment and right-of-use assets

These assets are reviewed annually for impairment or more frequently if there is an indication of impairment to ensure that they are not carried above their estimated recoverable amounts. To assess if any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary from such estimates of discounted future cash flows.

Provisions for dilapidations

Management estimate and make provision for costs that will be incurred in returning a leased property to the condition that it was in at the inception of the lease. The valuation of the provision is sensitive to movements in the discount rate and the estimated restoration costs (based on a rate per square foot).

Income taxes and deferred tax recognition

Estimates may be required in determining the level of current and deferred income tax assets and liabilities, which the directors believe are reasonable and adequately recognise any income tax related uncertainties. Various factors may have favourable or adverse effects on the income tax assets or liabilities. These include changes in tax legislation, tax rates and allowances, future levels of spending, the Group's level of future earnings and estimated future taxable profits.

Notes to the Group financial statements (continued)

1. Accounting policies (continued)

f) Critical accounting estimates and judgements (continued)

Impairment of trade receivables

The Group is required to make an estimate of the recoverable value of trade receivables. When assessing impairment of trade receivables, management considers including the age profile of receivables as well as any specific known problems or risks.

Inventory provisioning

The Group designs and sells clothing, footwear and accessories and is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of inventories and the associated provisions required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around the anticipated saleability of finished goods and future usage of raw materials.

Useful economic life of assets

The Group's policy for applying useful economic lives and residual values of assets has been determined through applying historical experience and taking into consideration the nature of assets and their intended use. The Group assesses the remaining useful lives of assets at least at each financial year end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

g) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

h) Segment reporting

The Group's equity and debt are not traded in a public market therefore the Group is exempt from IFRS 8 *Operating Segments* and have opted not to complete any segment reporting.

i) Foreign currency translation

Foreign currency transactions are translated into pound Sterling, using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign currency translation gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or finance expense.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling, at foreign currency exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations are translated at an average rate for the period, which approximates the foreign currency exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations are reported in other comprehensive income.

1. Accounting policies (continued)

j) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses. Cost includes the original purchase price of the assets and costs attributable to bringing the asset to its working condition for its intended use.

Property, plant and equipment is depreciated at rates calculated to write off the cost less residual value of each asset over its useful economic life, as follows:

- Capitalised leasehold costs	Straight line over life of lease
- Fixtures, fittings and equipment	20% straight line
- Office and computer equipment	20% straight line

Gains and losses on disposals of assets are calculated as the difference between the proceeds received and the carrying amount of the asset and are recognised in profit or loss.

Impairment of property, plant and equipment
Impairment reviews of property, plant and equipment are undertaken whenever events or changes in circumstances indicate their carrying value may not be recoverable. If the fair value of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate, but restricted so that the increased amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

k) Intangible assets

Software costs
Costs associated with maintaining computer software are recognised as an expense as incurred. Software development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Software costs recognised as assets are amortised over their estimated useful lives of five years.

Website platform costs
Costs associated with the development of the Group's website are capitalised where the above criteria for capitalising software costs are met and the Group is able to demonstrate that the website will develop probable future earnings. Expenditure incurred on maintaining and developing website systems used only for advertising purposes are written off as incurred.

Website platform costs recognised as assets are amortised over their estimated useful lives of five years.

Trademarks
Trademarks are valued at cost less impairment provisions for a reduction in the carrying value. Trademarks are written off in equal annual instalments over their useful economic life of ten years.

Impairment of intangible assets
Impairment reviews are undertaken whenever events or changes in circumstances indicate their carrying value may not be recoverable. If the fair value of an intangible asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate, but restricted so that the increased amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Any impairment losses or reversals are recognised immediately in the income statement.

l) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for those inventory items where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding estimated future sales value.

Notes to the Group financial statements (continued)

1. Accounting policies (continued)

m) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and money market deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

n) Equity

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

Share premium
The share premium account represents the amount subscribed for share capital in excess of nominal value, less any costs directly attributable to the issue of new shares.

Accumulated deficit
The accumulated deficit represents the cumulative net gains and losses recognised in the income statement.

Translation reserve
Translation reserve represents the cumulative foreign currency translation differences arising on consolidation of foreign operations.

Dividends
Dividends on ordinary share capital are recognised as a liability in the Group's financial statements in the period in which they are declared. In the case of interim dividends, these are considered to be declared when they are paid and in the case of final dividends these are declared when authorised by the shareholders.

o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

p) Finance income and expense

Finance income comprises interest received on cash balances.

Finance expense comprises interest payable on borrowings, amortisation and write off of debt issuance costs and the unwinding of the discount on non-current provisions.

Interest is recognised in profit or loss as it accrues, using the effective interest rate. Interest payable on borrowings includes a charge in respect of attributable transaction costs, which are recognised in profit or loss over the period of the borrowings on an effective interest basis.

Finance income and expenses arising on IFRS 16 are detailed in note 1e.

q) Financial instruments

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables
Trade receivables are recorded initially at fair value and subsequently assessed for impairment. The impairment is recognised based on management's expectation of losses, applying an expected credit loss model.

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

1. Accounting policies (continued)

q) Financial instruments (continued)

Bank borrowings
Interest-bearing bank borrowings are initially recorded at fair value, which equals the proceeds received, net of direct issue costs. They are subsequently held at amortised cost. Finance charges are accounted for using an effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Loans
Long-term loans are initially measured at fair value net of direct issue costs and are subsequently held at amortised cost.

Trade payables
Trade payables are recorded initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

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

r) Current and deferred income tax

The tax expense 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 in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

s) Employee benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pension obligations

The Group operates employee optional stakeholder retirement and death schemes. Both employee and employers are required to make contributions with the employers' contributions for each employee determined by the level of contribution made by the employee. The employer's contributions are charged to the income statement in the year in which the contributions are due.

1. Accounting policies (continued)

t) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

u) Provisions

Provisions for property, reorganisation costs and legal claims are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated

Provisions for dilapidation are recognised in full when the related facilities are installed. A corresponding amount equivalent to the provision is capitalised as part of the cost of the related property. The amount recognised is the estimated cost of dilapidations, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of dilapidations or dilapidations cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the dilapidations provision is included as a finance expense.

Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

v) Revenue recognition

Revenue comprises sales of goods to customers outside the Group less discounts, and is stated net of value added tax and other sales taxes. Revenue is recognised when performance obligations are satisfied and goods are delivered to the customer or our third party partners and the control of goods is transferred to the buyer.

Notes to the Group financial statements (continued)

1. Accounting policies (continued)

w) Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Set out below is an analysis of the valuation method of the Group's financial instruments:

The different levels in the fair value hierarchy have been defined as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable, for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Group has no assets or liabilities where differences between fair and carrying values have been determined for measurement purposes.

x) Exceptional items

Exceptional items are disclosed separately in the income statement where it is necessary to do so to provide further understanding of the financial performance of the Group. Exceptional items are items of one-off income or expense that have been shown separately due to the significance of their nature or amount. Property related exceptional items include release of provisions and early exit payments due to store closures. Other exceptional items include tax related charges, impairment of assets, refinancing costs and reorganisation related costs.

y) Prior period restatement

In preparing these financial statements it was determined that certain fixed assets had been over-depreciated by £0.6 million in prior years over their useful life. Prior period balances have been restated to reflect the correction.

The adjustment processed has had no impact on the income statement or the closing cash position.

2. Revenue

	52 weeks ended 1 February 2020 £'000	52 weeks ended 2 February 2019 £'000
UK	**189,057**	172,783
Europe	**21,285**	19,204
North America	**121,880**	108,552
Asia	**31,857**	30,443
	364,079	330,982

3. Operating profit

Operating profit/(loss) is stated after charging/(crediting):

	52 weeks ended 1 February 2020 £'000	52 weeks ended 2 February 2019 £'000
Amortisation of intangible assets	**3,985**	2,120
Depreciation of property, plant and equipment	**11,737**	10,412
Depreciation of right-of-use assets	**32,100**	-
Loss on sale of property, plant and equipment	**-**	262
Foreign currency translation (gains)/losses	**(93)**	327

Operating exceptional items comprise:

	52 weeks ended 1 February 2020 £'000s	52 weeks ended 2 February 2019 £'000s
Administrative expenses		
One-off charges for sales and property tax	**1,526**	458
Impairment and other property related costs	**4,163**	1,349
Restructuring related costs	**591**	1,364
Refinancing related costs	**271**	-
	6,551	3,171

Notes to the Group financial statements (continued)

3. Operating profit (continued)

Auditors' remuneration for audit and non-audit services during the period was:

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	£'000s	£'000s
Auditors' remuneration		
- audit services	**225**	162
- taxation services	**-**	140
- other	**22**	14
	247	316

4. Employees

The average number of people employed by the Group (including directors) during the period was as follows:

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	Number	Number
Directors	**3**	3
Administration and sales	**2,886**	3,041
	2,889	3,044

The aggregate remuneration costs of these employees were as follows:

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	£'000	£'000
Wages and salaries	**57,525**	59,415
Social security costs	**5,612**	5,493
Pension costs	**966**	1,099
	64,103	66,007

Notes to the Group financial statements (continued)

5. Directors

The remuneration costs of the Group's directors were:

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	£'000	£'000
Aggregate remuneration and other emoluments	**613**	735
Pension contributions	**-**	6
	613	741

	Number	Number
Number of directors to whom retirement benefits accrue	**1**	2

The remuneration of the highest paid director was:

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	£'000	£'000
Aggregate emoluments	**488**	372
Pension costs	**-**	-
	488	372

The amounts disclosed above represent the remuneration for the qualifying services of the directors of the Group.

IAS 24 *Related party transactions* ("IAS 24") requires the Group to disclose all transactions and outstanding balances with the Group's key management personnel. IAS 24 defines key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The key management personnel who are responsible for planning, directing and controlling the activities of the Group are the Group's directors.

At 1 February 2020 there were no amounts due to key management personnel (2019: £nil).

6. Finance income

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	£'000	£'000
Interest received on cash deposits	**-**	4
Interest received on finance leases	**91**	-
	91	4

7. Finance expense

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	£'000	£'000
Interest payable and similar charges	**298**	1,169
Interest accrued on shareholder loans	**31,464**	27,831
Interest on borrowing facility	**1,274**	748
Interest cost on lease liability	**8,800**	-
	41,836	29,748

8. Income tax expense

(a) Analysis of tax expense in the period

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	£'000	£'000
Current tax expense		
Current UK tax on profit for the year	**1,517**	213
Adjustments for current UK tax of prior periods	**161**	(19)
Double taxation relief	**(1,455)**	(248)
Current non UK tax on profit for the year	**2,340**	395
Adjustments for current non UK tax of prior periods	**1,346**	(110)
Total current tax expense	**3,909**	231
Deferred tax expense		
Origination and reversal of temporary differences	**9,621**	122
Effect of changes in tax rates	**(428)**	210
Total deferred tax debit	**9,193**	332
Income tax expense	**13,102**	563

(b) Factors affecting the tax expense in the period

	52 weeks ended 1 February 2020	52 weeks ended 2 February 2019
	£'000	£'000
Loss before tax	**(32,341)**	(26,112)
Loss before tax multiplied by the standard rate of corporation tax of 19% (2019: 19%)	**(6,145)**	(4,961)
Effects of:		
Amounts which are not taxable in calculating taxable income	**-**	394
Expenses not deductible for tax purposes	**6,521**	5,371
Movement in deferred tax not recognised	**9,097**	523
Difference in foreign tax rate	**2,122**	(388)
Adjustments in respect of prior years	**1,507**	(128)
Double tax relief	**-**	(248)
Income tax expense	**13,102**	563

(c) Factors that may affect future tax charge

It was confirmed that the rate of corporation tax will remain at 19% from 1 April 2020. This measure (cancelling the enacted cut to 17%) was made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. As such, it is substantively enacted for UK GAAP and IFRS on the passing of the resolution, though it will not be enacted for the purpose of US GAAP until Royal Assent. The rate will also stay at 19% for the following year.

Deferred tax assets and liabilities have therefore been measured at either 19.0% or 27.4% (the effective rate of US tax as from 2 February 2020), as appropriate, in these financial statements.

Notes to the Group financial statements (continued)

9. Intangible assets

	Trademarks £'000	Computer software and website platform costs £'000	Total £'000
Cost			
At 2 February 2019	3,813	23,138	26,951
Foreign exchange adjustments	-	181	181
Additions	412	3,857	4,269
At 1 February 2020	4,225	27,176	31,401
Amortisation			
At 2 February 2019	2,696	13,809	16,505
Foreign exchange adjustments	17	(13)	4
Charge for the year	461	3,524	3,985
At 1 February 2020	3,174	17,320	20,494
Net book value			
At 1 February 2020	**1,051**	**9,856**	**10,907**

	Trademarks £'000	Computer software and website platform costs £'000	Total £'000
Cost			
At 3 February 2018	3,589	18,984	22,573
Foreign exchange adjustments	-	14	14
Additions	224	4,140	4,364
At 2 February 2019	3,813	23,138	26,951
Amortisation			
At 3 February 2018	2,370	12,015	14,385
Charge for the year	326	1,794	2,120
At 2 February 2019	2,696	13,809	16,505
Net book value			
At 2 February 2019	1,117	9,329	10,446

10. Property, plant and equipment

	Capitalised leasehold costs £'000	Fixtures, fittings and equipment £'000	Office and computer equipment £'000	Total £'000
Cost				
Restated at 2 February 2019	4,696	160,967	14,817	180,480
Adjustment on initial application of IFRS 16	(2,120)	-	-	(2,120)
Foreign exchange adjustments	21	1,086	(259)	848
Additions	118	6,448	580	7,146
Disposals	(780)	-	-	(780)
At 1 February 2020	1,935	168,501	15,138	185,574
Depreciation				
Restated at 2 February 2019	2,945	135,203	12,127	150,275
Adjustment on initial application of IFRS 16	(1,085)	-	-	(1,085)
Foreign exchange adjustments	(177)	274	(660)	(563)
Charge for the year	506	10,150	1,081	11,737
Disposals	(780)	-	-	(780)
Impairment loss	-	843	-	843
At 1 February 2020	1,409	146,470	12,548	160,427
Net book value				
At 1 February 2020	**526**	**22,031**	**2,590**	**25,147**

As a result of the annual assessment of cash generating units for impairment, a charge of £0.8 million was recorded for impairment of property, plant and equipment. The cost of impairment of assets has been included in exceptional items rather than operating costs.

	Capitalised leasehold costs £'000	Fixtures, fittings and equipment £'000	Office and computer equipment £'000	Total £'000
Cost				
At 3 February 2018	3,959	147,430	14,642	166,031
Foreign exchange adjustments	55	4,832	253	5,140
Additions	682	8,705	894	10,281
Disposals	-	-	(972)	(972)
At 2 February 2019	4,696	160,967	14,817	180,480
Depreciation				
Restated at 3 February 2018	2,617	121,973	11,331	135,921
Foreign exchange adjustments	27	3,587	78	3,692
Charge for the year	301	8,683	1,428	10,412
Disposals	-	-	(710)	(710)
Impairment loss	-	960	-	960
Restated at 2 February 2019	2,945	135,203	12,127	150,275
Net book value				
Restated at 2 February 2019	1,751	25,764	2,690	30,205

11. Right-of-use assets

	Property £'000	Equipment £'000	Total £'000
Net book value			
Net book value at 2 February 2019	-	-	-
Adjustment on initial application of IFRS 16	162,747	204	162,951
Net book value at 3 February 2019	162,747	204	162,951
Additions	11,202	20	11,222
Depreciation charge	(32,033)	(67)	(32,100)
Impairment charge	(2,808)	-	(2,808)
Foreign exchange adjustments	(635)	-	(635)
At 1 February 2020	**138,473**	**157**	**138,630**

The expense relating to short-term leases and leases of low value assets (as described in Note 1e) and the costs relating to variable lease payments dependent on usage amounted to £4.2 million. Net cash outflow for leases amounted to £40.1 million.

As a result of the annual assessment of cash generating units for impairment, a charge of £2.8 million was recorded for impairment of right-of-use assets. This relates to trading impacts during the year.

There are no significant lease commitments for leases not commenced at year-end.

The following table shows a maturity analysis of the lease payments receivable:

	1 February 2020 £'000
Maturity analysis - undiscounted lease payments receivable	
Within one year	555
Greater than one year but less than two years	559
Greater than two years but less than three years	477
Greater than three years but less than four years	278
Total undiscounted payments	1,869
Unearned finance income	(138)
Net investment (lease receivables)	**1,731**

Income from subleasing right-of-use assets amounted to £0.5 million.

12. Trade and other receivables

Current	1 February 2020 £'000	2 February 2019 £'000
Trade receivables	**17,686**	16,063
Other receivables	**2,716**	5,617
Prepayments, accrued income and deferred expenses	**6,462**	9,521
	26,864	31,201

The carrying value of trade and other receivables is a reasonable approximation of the fair value of trade and other receivables.

The trade receivables provisions included in administrative expense for the period ended 1 February 2020 was £0.3 million (2019: £0.1 million).

Notes to the Group financial statements (continued)

12. Trade and other receivables (continued)

Non-current	1 February 2020	2 February 2019
	£'000	£'000
Other receivables	**3,086**	2,163
Prepayments, accrued income and deferred expenses	**-**	277
	3,086	2,440

13. Inventories

	1 February 2020	2 February 2019
	£'000	£'000
Finished goods and goods for resale	**64,709**	57,594
Provision for impairment of inventories	**(1,985)**	(1,463)
	62,724	56,131

The following table details the movements in the provision for impairment of inventories:

	1 February 2020	2 February 2019
	£'000	£'000
Balance at the beginning of the period	**1,463**	974
Movement in provision during the period	**522**	489
Balance at the end of the period	**1,985**	1,463

The cost of inventories recognised as an expense and included in cost of sales was £126.6 million (2019: £114.5 million).

The net movement in inventory provisions included in cost of sales for the period ended 1 February 2020 was an increase of £0.5 million (2019: increase £0.5 million).

14. Trade and other payables

	1 February 2020	2 February 2019
	£'000	£'000
Current		
Trade payables	**25,658**	22,527
Other taxes and social security costs	**10,217**	9,823
Other payables	**980**	5,258
Accruals and deferred income	**18,804**	29,034
	55,659	66,642

14. Trade and other payables (continued)

	1 February 2020	2 February 2019
	£'000	£'000
Non-current		
Other payables	**263**	19,005
	263	19,005

The carrying value of trade and other payables is a reasonable approximation of the fair value of trade and other payables.

15. Provisions

	Onerous lease costs £'000	**Dilapidation costs £'000**	**Total £'000**
Restated at 3 February 2018	10,893	3,430	14,323
Additions	1,545	1,790	3,335
Utilised during the year	(3,271)	(166)	(3,437)
Release during the year	(1,008)	-	(1,008)
Unwind of provision	275	104	379
Foreign currency translation differences	595	101	696
At 2 February 2019	9,029	5,259	14,288
Adjustment on initial application of IFRS 16	(7,884)	-	(7,884)
Additions	-	1,293	1,293
Utilised during the year	-	(501)	(501)
Release during the year	(1,145)	(603)	(1,748)
Unwind of provision	-	170	170
Foreign currency translation differences	-	14	14
At 1 February 2020	**-**	**5,632**	**5,632**

The breakdown of provisions between current and non-current is as follows:

	1 February 2020	2 February 2019
	£'000	£'000
Current	**1,384**	4,222
Non-current	**4,248**	10,066
	5,632	14,288

The dilapidations provisions represent dilapidation costs in respect of the Group's leasehold properties and will therefore arise over the lease lives of the Group's properties.

There are inherent uncertainties in measuring the provisions of the future outflows.

16. Lease Liability

The following tables show the discounted lease liabilities included in the Group balance sheet and a maturity analysis of the contractual undiscounted lease payments:

	1 February 2020
	£'000
Lease liabilities	
Current	30,770
Non-current	140,465
Total lease liabilities	**171,235**

	1 February 2020
	£'000
Maturity analysis - contractual undiscounted lease payments	
Within one year	38,073
Greater than one year but less than five years	123,646
Greater than five years but less than ten years	34,145
Total undiscounted payments	195,863

17. Borrowings

	1 February 2020	2 February 2019
	£'000	£'000
Current		
Term loan	**2,229**	-
	2,229	-

	1 February 2020	2 February 2019
	£'000	£'000
Non-current		
Term loan	**4,735**	-
Amounts owed to parent undertaking	**271,116**	239,640
	275,851	239,640

Term loan owed to Bank of America, N.A. has an interest rate of 3.0% plus LIBOR per annum, giving an average of 3.7% for the period, and is to be repaid in full on or before 1 September 2022.

Loans owed to parent undertaking have an interest rate at 12.5% per annum.

As at 1 February 2020, the Group had undrawn committed borrowing facilities of £19.1 million (2019: £18.9 million).

18. Deferred tax

	Property, plant and equipment	Provisions	Tax losses	Total
	£'000	£'000	£'000	£'000
At 2 February 2019				
Deferred tax assets	3,516	5,173	1,373	10,062
Deferred tax liabilities	(797)	-	-	(797)
At 2 February 2019	2,719	5,173	1,373	9,265
Debit to the income statement	(3,985)	(5,153)	(1,418)	(10,556)
Credit to the income statement	1,357	3	3	1,363
Net debit to the income statement	(2,628)	(5,150)	(1,415)	(9,193)
Foreign exchange	(91)	(23)	42	(72)
At 1 February 2020	-	-	-	-
Deferred tax assets	-	-	-	-
Deferred tax liabilities	-	-	-	-
At 1 February 2020	-	-	-	-

	Property, plant and equipment	Provisions	Tax losses	Total
Restated at 3 February 2018				
Deferred tax assets	3,920	5,490	1,208	10,618
Deferred tax liabilities	(1,363)	-	-	(1,363)
Restated at 3 February 2018	2,557	5,490	1,208	9,255
Debit to the income statement	(404)	(717)	(361)	(1,482)
Credit to the income statement	624	-	526	1,150
Net (debit)/credit to the income statement	220	(717)	165	(332)
Foreign exchange	(58)	400	-	342
At 2 February 2019	2,719	5,173	1,373	9,265
Deferred tax assets	3,516	5,173	1,373	10,062
Deferred tax liabilities	(797)	-	-	(797)
At 2 February 2019	2,719	5,173	1,373	9,265

Deferred tax liabilities are recognised in full on taxable temporary differences and deferred tax assets are recognised on deductible temporary differences when future taxable profits can be reliably predicted under the liability method using applicable tax rates. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The deferred tax asset has been fully de-recognised in financial year 2019/20.

18. Deferred tax (continued)

The following table lists the Group's unrecognised deferred tax assets:

	1 February 2020	2 February 2019
	£'000	£'000
Overseas tax timing differences	**1,851**	1,723
	1,851	1,723

These potential deferred tax assets have not been recognised on the basis that it is not sufficiently certain when taxable profits that can be utilised to absorb the losses will be made in the future. The losses expire as follows:

	1 February 2020	2 February 2019
	£'000	£'000
Expires:		
2027	**1,108**	1,043
2026	**139**	139
2023	**587**	519
2022	**17**	22
	1,851	1,723

19. Share capital

	1 February 2020	2 February 2019
	£	£
Authorised, issued, called up and fully paid		
17,171 ordinary shares of 1 pence each	**172**	172
	172	172

20. Financial instruments

Financial risk management
The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using revenue and borrowings.

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk and foreign exchange risk), credit risk and liquidity risk.

Risk management is carried out under policies approved by the board of directors. Financial risk management is carried out by the Senior Accounting Officer under a policy approved by the board. The board approves written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and liquidity risk and receives regular reports on such matters.

The Group does not engage in trading or speculative activities using derivative financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Market risk
Market risk is the risk that changes in prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments.

20. Financial instruments (continued)

Interest rate risk
Interest rate risk is the risk of a change in the Group's cash flows due to a change in interest rates. As the Group's borrowings are all fixed interest borrowings with the Group's ultimate parent Lion/Heaven UK Limited the directors do not consider interest rate risk to be a significant risk to the Group.

Foreign exchange risk
Foreign exchange risk is the risk of a change in the Group's cash flows due to a change in foreign currency exchange rate. The Group is exposed to foreign currency exchange rate risk on the cash flows and carrying values of its non-UK operations and through its supplier payment structure. The directors monitor these risks and take appropriate steps to minimise the Group's exposure to potential volatility in these areas.

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

The directors consider the Group's credit risk from cash, cash equivalents and deposits to be low as the Group only enters transactions with banks or financial institutions with a credit rating of A or above.

The Group has policies in place to manage potential credit risk from trade receivables. Customer credit terms are determined using independent ratings agency data and regularly updated to reflect any changes in customer circumstances or trading conditions. If no independent rating is available an internal assessment is made of the credit quality of the customer, taking into account their financial position and past trading history of the Group. The directors do not expect any significant losses of receivables that have not been provided for as shown in note 12.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group finance department regularly monitors forecasts of the Groups liquidity requirements to ensure it has sufficient cash to meet operational needs.

Capital management
The Group relies on capital for organic growth. The Group defines capital as equity as shown in the statement of financial position plus net debt (total borrowings less cash) and seeks to achieve an acceptable return on gross capital.

The Group manages its capital structure using a number of measures and taking into account its future strategic plans. Such measures include ensuring the Group maintains sufficient liquidity from the cash that the Group has generated from operations.

Fair value

Financial assets comprise trade and other receivables and cash and cash equivalents. Financial liabilities comprise trade and other payables and borrowings from the Group's ultimate parent company.

The fair value of all financial assets and liabilities is not materially different from their carrying value.

21. Related party transactions

During the period the Company and the Group recorded interest of £31.5 million (2019: £27.8 million) to the Group's immediate parent entity Lion/Heaven UK II Limited as disclosed in note 7.

At 1 February 2020 the Company and the Group owed £271.1 million (2019: £239.6 million) to the Group's immediate parent entity Lion/Heaven UK II Limited as disclosed in note 17.

At 1 February 2020 the Company and the Group was owed £0.2 million (2019: £0.1 million) by Lion/Heaven Co-Investors LP, the private equity fund operated by Lion Capital LLP.

Key management personnel

Related party transactions with key management personnel have been disclosed in note 5.

22. Events after the reporting date

Subsequent to year end, COVID-19 was declared a global pandemic by the World Health Organisation. This pandemic has brought an unprecedented challenge to the world. In complying with government restrictions imposed in relation to COVID-19, AllSaints closed all of its stores in the UK, Europe, USA and Canada in the second half of March 2020. Closures have also occurred in a significant proportion of the store portfolio in Asia. Since June 2020, stores have re-opened worldwide but remain subject to local lockdowns and restrictions.

Various measures have been taken to preserve cash and liquidity whilst attempting to preserve as many jobs as possible. Discretionary spend and capital expenditure has been halted and payment plans have been agreed with stock suppliers for committed spend. Salary sacrifice was unanimously volunteered amongst the senior leadership team and advantage has been taken of all government support available, including furlough schemes, the deferral of PAYE and duty as well as the business rates holiday in the UK. AllSaints is in regular dialogue with its lenders and has proactively addressed the ongoing and potential future impact of COVID-19 on its banking facilities and covenants.

As with many retail and hospitality businesses, the prolonged lockdown placed a significant strain on the Group's liquidity position during the summer of 2020. Notwithstanding an effective digital trading strategy and proactive management of key stakeholders, the directors took the decision to launch Company Voluntary Arrangements (CVAs) in respect of AllSaints' UK, European and North American stores. The CVA was undertaken with the full consent of the debt capital providers.

The purpose of the CVAs was to remove rent liability that had accrued during lockdown and align future rents to sales performance. On 3rd and 6th July 2020, the vast majority of AllSaints' creditors voted in favour of the CVA proposals. This provided immediate liquidity relief to the Group and an improved operating model to withstand the continuing impact of COVID-19. As part of the CVA and following shareholder approval, approximately £184 million of intercompany debt has also been written-off to bolster the company's balance sheet. Lion Capital (the Group's ultimate shareholder) have committed to contribute the John Varvatos brand and assets into the AllSaints Group in line with their commitment under the CVA.

Whilst the majority of stores have reopened, there remains considerable uncertainty around the long-term effect of COVID-19 on consumer behaviour. AllSaints has introduced social distancing and hygiene measures in its stores and workplaces to ensure the safety of its customers and employees, but footfall to stores is expected to be supressed.

The directors and senior leadership team continue to monitor COVID-19 developments carefully and take the appropriate actions in the best interests of the business and its return to growth as soon as practical.

The impact of the CVA and COVID-19 are non-adjusting post balance sheet events and are not reflected in these financial statements. Due to the continued uncertainty in the current environment, the overall impact cannot be reliably estimated.

23. Note supporting statement of cash flows

Significant non cash transactions in the year in respect of financing activities comprised unpaid interest rolled up into the amounts owed to parent undertaking of £31.5 million (2019: £27.8 million).

24. Immediate and ultimate parent company

At 1 February 2020, funds managed by Lion Capital LLP were the Group and Company's ultimate parent undertaking and controlling party.

Lion/Heaven UK II Limited is the Company's immediate parent company.

Lion/Heaven UK Limited is a company incorporated in England (company number 07616749) and is parent of the smallest and largest group for which consolidated financial statements are prepared and of which the Company is a member. Lion/Heaven UK Limited's financial statements can be obtained from Companies House.

Company statement of financial position

At 1 February 2020
Company number 4096157

	Note	1 February 2020 £'000	2 February 2019 Restated £'000
Fixed assets			
Intangible assets	27	**10,665**	10,086
Property, plant and equipment	28	**12,617**	12,052
Right-of-use asset	29	**72,577**	-
Investments	30	**2,383**	2,383
Deferred tax asset	37	-	4,363
Trade and other receivables	32	**29,568**	32,794
		127,810	61,678
Current assets			
Inventories	31	**35,517**	35,984
Trade and other receivables	32	**39,576**	20,688
		75,093	56,672
Current Liabilities			
Overdraft		**(6,153)**	(13,437)
Trade and other payables	33	**(69,942)**	(53,138)
Lease liabilities	36	**(16,169)**	-
Provisions	35	**(1,225)**	(1,848)
Borrowings	37	**(2,229)**	-
		(95,718)	(68,423)
Net current assets		**(20,625)**	(11,751)
Total assets less current liabilities		**107,185**	49,927
Non-current liabilities			
Trade and other payables	34	**(14)**	(3,411)
Lease liabilities	36	**(62,430)**	-
Provisions	35	**(2,180)**	(3,928)
Borrowings	37	**(277,135)**	(240,936)
		(341,759)	(248,275)
Net liabilities		**(234,574)**	(198,348)
Equity			
Share capital	39	-	-
Share premium		**9,555**	9,555
Translation reserve		**(707)**	(606)
Accumulated deficit		**(243,422)**	(207,297)
Equity shareholders deficit		**(234,574)**	(198,348)

The notes on pages 44 to 58 form part of these financial statements.

The financial statements on pages 42 to 43 were approved and authorised for issue by the board of directors on 19 October 2020 and were signed on its behalf by:

P. Wood
Director

Company statement of changes in equity
At 1 February 2020

	Share capital £'000	Share premium £'000	Translation reserve £'000	Accumulated deficit £'000	Total equity £'000
At 3 February 2018	-	9,555	(279)	(183,378)	(174,102)
Restatement in respect of prior years	-	-	-	(81)	(81)
Restated at 3 February 2018	-	9,555	(279)	(183,459)	(174,183)
Loss for the period	-	-	-	(23,838)	(23,838)
Other comprehensive expense	-	-	(327)	-	(327)
Restated at 2 February 2019	-	9,555	(606)	(207,297)	(198,348)
Restated at 2 February 2019	-	9,555	(606)	(207,297)	(198,348)
Adjustment on initial application of IFRS 16	-	-	-	264	264
Adjusted balance at 3 February 2019	-	9,555	(606)	(207,033)	(198,084)
Loss for the period	-	-	-	(36,389)	(36,389)
Other comprehensive expense	-	-	(101)	-	(101)
At 1 February 2020	**-**	**9,555**	**(707)**	**(243,422)**	**(234,574)**

The notes on pages 44 to 58 form part of these financial statements.

25. Accounting policies for the Company financial statements

a) Reporting entity

All Saints Retail Limited (the "Company") is incorporated and domiciled in the United Kingdom.

The Company's principal activities are the design and retailing of clothing, footwear and accessories.

The Company financial statements were approved by the Board of Directors on 19 October 2020.

b) Statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

The directors have taken advantage of the option within section 390 of the Companies Act 2006 to prepare their financial statements up to a date seven days either side of the Company's accounting reference date of 31 January 2020, and these accounts therefore cover the period from 3 February 2019 to 1 February 2020 (2019: 4 February 2018 to 2 February 2019).

As permitted by Section 408(2) of the Companies Act 2006 information about the Company's employee numbers and costs have not been presented.

As permitted by Section 408(3) of the Companies Act 2006, the Company's income statement and statement of other comprehensive income and related notes have not been presented as the Company's Group Accounts have been prepared in accordance with the Companies Act 2006.

c) Functional and presentational currency

These financial statements are presented in pounds Sterling (£), which is the Company's functional and presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Basis of preparation

The financial statements have been prepared on a historical cost basis and are in accordance with the Companies Act 2006.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements with exception of IFRS16.

These financial statements for the period ended 1 February 2020 has been prepared in accordance with FRS 100 and FRS 101.

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by All Saints Retail Limited.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Group financial statements of Lion/Heaven UK Limited. These financial statements do not include certain disclosures in respect of:

- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value);
- Impairment of assets; and
- Revenue from Contracts with Customers.

25. Accounting policies for the Company financial statements (continued)

d) Basis of preparation (continued)

Please refer to note 1.d) of the Group financial statements which also covers the Company's going concern basis.

e) New accounting standards

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board ("IASB") became effective during the period ended 1 February 2020. The accounting policies adopted in the presentation of these financial statements reflect the adoption of the following new standards, amendments to standards and interpretations as of 31 January 2019.

- IFRS 16 Leases (effective for accounting periods starting on or after 1 January 2019)
- Annual improvements to IFRS Standards 2015-2017 Cycle (certain items effective from 1 January 2019)

With the exception of the adoption of IFRS 16, the adoption of the above standards and interpretations has not led to any changes to the Company's accounting policies or had any other material impact on the financial position or performance of the Company.

IFRS 16 Leases

The Company has adopted IFRS 16 Leases for the period commencing 3 February 2019. This standard replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors under a single, on-balance sheet model.

The Company has adopted IFRS 16 Leases using a modified retrospective transition approach, where the initial right-of-use asset has been measured at an amount equal to the lease liabilities on the date of adoption. As a result, the comparative information presented for the period ended 2 February 2019 has not been restated and therefore continues to be shown under IAS 17.

i) Transition

The Company's lease portfolio is primarily comprised of property leases including stores, distribution centres and offices. Under IAS 17, the Company classified each of its leases (as lessee) at the inception date as operating leases. Lease payments were recognised as rental expenses in the income statement on a straight-line bases over the lease term.

Under IFRS 16, the Company now applies a single recognition and measurement approach for all leases for which it is a lessee, except for short term leases and leases of low value assets. The Company's new accounting policy for leases is set out below. The previous policy for leases is set out in note 1z) of the Group's financial statements for the 52 weeks to 2 February 2019.

The Company has elected to use the following practical expedients on transition to leases previously classified as operating leases:

- Applying a single discount rate to portfolios of leases with similar characteristics
- For leases determined to be onerous before the transition date, relying on this assessment as an alternative to performing an impairment review
- Electing not to apply the retrospective treatment to leases contracts that, at the adoption date, have a lease term of 12 months or less. These will be instead be treated as short term leases.

Further, the Company has reassessed subleases that were previously classified as operating leases, applying IAS 17 to determine whether the sublease should be classified as an operating lease or a finance lease applying IFRS 16. This assessment was performed at the date of adoption with reference to the remaining contractual terms of the head lease and sublease.

The Company's opening balance sheet position as at 3 February 2019 has been restated on transition to IFRS 16. The Company now recognises right-of-use assets, lease liabilities, and finance lease receivables, along with a change in working capital, fixed asset, onerous lease provision and deferred tax balances. Any remaining difference has been recognised in retained earnings.

Notes to the Company financial statements (continued)

25. Accounting policies for the Company financial statements (continued)

e) New accounting standards (continued)

The impact on transition is summarised below:

	2 February 2019 £'000	IFRS 16 Impact on transition £'000	**3 February 2019 £'000**
ASSETS			
Non-current assets			
Intangible assets	10,086	-	**10,086**
Property, plant and equipment	12,052	(872)	**11,180**
Right-of-use asset	-	82,609	**82,609**
Investments	2,383	-	**2,383**
Deferred tax asset	4,363	-	**4,363**
Trade and other receivables	32,794	1,545	**34,339**
	61,678	83,283	**144,961**
Current assets			
Inventories	35,984	-	**35,984**
Trade and other receivables	20,688	(1,622)	**19,066**
	56,672	(1,622)	**55,050**
Total assets	118,350	81,661	**200,011**
LIABILITIES			
Current liabilities			
Bank overdraft	(13,437)	-	**(13,437)**
Trade and other payables	(53,138)	1,460	**(51,678)**
Lease liabilities	-	(17,287)	**(17,287)**
Provisions	(1,848)	789	**(1,059)**
	(68,423)	(15,038)	**(83,461)**
Non-current liabilities			
Trade and other payables	(244,347)	3,389	**(240,958)**
Lease liabilities	-	(71,257)	**(71,257)**
Provisions	(3,928)	1,509	**(2,419)**
	(248,275)	(66,359)	**(314,634)**
Total liabilities	(316,698)	(81,397)	**(398,095)**
Net assets	(198,348)	264	**(198,084)**
EQUITY			
Share capital	-	-	**-**
Share premium	9,555	-	**9,555**
Translation reserve	(606)	-	**(606)**
Retained earnings	(207,297)	264	**(207,033)**
Total equity	(198,348)	264	**(198,084)**

Notes to the Company financial statements (continued)

25. Accounting policies for the Company financial statements (continued)

e) New accounting standards (continued)

The weighted average rate applied is 3.3%. The differences between the Company's operating lease commitments of £90.0 million at 2 February 2019 and lease liabilities upon adoption of IFRS 16 of £87.1 million are as follows:

	£'000
Operating lease commitments reported at 2 February 2019 under IAS 17	90,049
Leases exempt from applying IFRS 16 (short term leases)	(953)
Restatement of commitments at 2 February 2019*	8,601
Subtotal	97,697
Effect of discounting using the incremental borrowing rate at 3 February 2019	(9,154)
Lease liability opening balance as at 3 February 2019 under IFRS 16	88,543
Of which are:	
Current lease liabilities	17,287
Non-current lease liabilities	71,256

*Following a review of lease data validation during the IFRS 16 transition process, additional lease payments were identified which were previously not part of operating lease commitments.

ii) New accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

The Company as lessee

Lease liabilities are initially recognised at the commencement date of the lease and are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the country, term and currency of the contract. The weighted average rate at 1 February 2020 is 3.3%.

Lease payments can include fixed payments, variable lease payments that depend on an index or a rate known at commencement date, and extension option payments. The lease liability is subsequently measured at amortised cost using the effective interest rate method and remeasured when there is a change in the future lease payments in case of renegotiation, changes of an index or rate or in the case of reassessment of options.

Right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted for any subsequent remeasurement of lease liabilities. Cost includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are recognised at the commencement date of the lease (the date the underlying asset is available for use) and are classified as property or equipment. Right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to testing for impairment if there is an indicator for impairment, as for owned assets.

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date. It also applies the low value asset recognition exemption to leases of low value assets. Lease payments on short-term leases and leases of low-value assets are recognised as an expense to the income statement, as well as costs relating to variable lease payments that are not dependent on an index or rate.

The Company as lessor

The Company acts as a lessor of some properties. Leases in which substantially all of the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee by the lessor are classified as finance leases, otherwise the lease is classified as an operating lease. This assessment is performed with reference to the head lease right-of-use asset.

Notes to the Company financial statements (continued)

25. Accounting policies for the Company financial statements (continued)

e) New accounting standards (continued)

Amounts due from lessees under finance leases are recorded under Trade and other receivables at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, reflecting a constant periodic rate of return on the Company's net investment in the lease. Operating lease income is recognised as earned on a straight-line basis over the lease term.

iii) Updates to judgements and estimates

The lease term is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option under some of its leases to extend the lease term (extension option) or terminate the lease early (break option). The Company applies judgement in evaluating whether it is reasonably certain to exercise these options. Considerations may include the contractual terms and conditions for the optional periods compared to market rates, costs associated with the termination of the lease and the importance of the underlying asset to the Company's operations.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the options to renew (e.g. a change in business strategy).

The discount rate used to calculate the lease liability is the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the country, term and currency of the contract. The discount rate is determined using a reference (risk free) rate and an adjustment to reflect the credit risk.

f) Investments

Investments are included in the statement of financial position at cost less amounts written-off, representing impairment in value. Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable.

25. Accounting policies for the Company financial statements (continued)

g) Accounting policies for the Company financial statements

The Company's accounting policies are the same as the Group's accounting policies, as detailed in note 1 to the Group financial statements, for the following:

Company FRS 101 accounting policy	Group IFRS accounting policy	Note
Critical accounting estimates and judgments	Critical accounting estimates and judgments	1f
Foreign currency translation	Foreign currency translation	1i
Property, plant and equipment	Property, plant and equipment	1j
Intangible assets	Intangible assets	1k
Inventories	Inventories	1l
Cash and cash equivalents	Cash and cash equivalents	1m
Equity	Equity	1n
Borrowings	Borrowings	1o
Interest receivable and similar income	Finance income	1p
Interest payable and similar expense	Finance expense	1p
Financial instruments	Financial instruments	1q
Current and deferred tax	Current and deferred tax	1r
Employee benefits	Employee benefits	1s
Current versus non-current classification	Current versus non-current classification	1t
Provisions	Provisions	1u
Revenue recognition	Revenue recognition	1v
Fair value measurement	Fair value measurement	1w
Exceptional items	Exceptional items	1x

h) Prior period restatement

In preparing these financial statements, it was determined that the inventory in transit balance for the period ending 2 February 2019 had been misstated. The inventory in transit balance has been erroneously recorded AllSaints USA Limited, a subsidiary of All Saints Retail Limited.

The inventory balance has been restated from £30.8 million to £36.0 million for the period ended 2 February 2019. The accruals and deferred income balance has been restated from £19.1 million to £24.3 million for the period ended 2 February 2019.

In addition to this, it was determined that certain fixed assets had been under-depreciated by £0.1 million in prior years over their useful life. Prior period balances have been restated to reflect the correction.

The above adjustments have had no impact on the income statement or the closing cash position.

Notes to the Company financial statements (continued)

26. Directors

Information on the Company's directors is provided in note 5 to the Group financial statements.

27. Intangible assets

	Trademarks £'000	Computer software and website platform costs £'000	Total £'000
Cost			
At 2 February 2019	3,746	22,685	26,431
Foreign exchange adjustments	(3)	-	(3)
Additions	412	4,049	4,461
At 1 February 2020	4,155	26,734	30,889
Amortisation			
At 2 February 2019	2,681	13,664	16,345
Foreign exchange adjustments	(3)	-	(3)
Charge for the year	459	3,423	3,882
At 1 February 2020	3,137	17,087	20,224
Net book value			
At 1 February 2020	**1,018**	**9,647**	**10,665**

	Trademarks £'000	Computer software and website platform costs £'000	Total £'000
Cost			
At 3 February 2018	3,585	18,747	22,332
Additions	161	3,938	4,099
At 2 February 2019	3,746	22,685	26,431
Amortisation			
At 3 February 2018	2,371	11,944	14,315
Charge for the year	310	1,720	2,030
At 2 February 2019	2,681	13,664	16,345
Net book value			
At 2 February 2019	1,065	9,021	10,086

Notes to the Company financial statements (continued)

28. Property, plant and equipment

	Capitalised leasehold costs £'000	Fixtures, fittings and equipment £'000	Office and computer equipment £'000	Total £'000
Cost				
Restated at 2 February 2019	3,892	83,232	10,616	97,740
Adjustment on initial application of IFRS 16	(1,741)	-	-	(1,741)
Foreign exchange adjustments	(6)	(181)	(4)	(191)
Additions	131	4,615	433	5,179
Disposals	(780)	-	-	(780)
At 1 February 2020	1,496	87,666	11,045	100,207
Depreciation				
Restated at 2 February 2019	2,447	73,908	9,333	85,688
Adjustment on initial application of IFRS 16	(869)	-	-	(869)
Foreign exchange adjustments	(6)	(144)	(4)	(154)
Charge for the year	280	2,860	528	3,668
Disposals	(780)	-	-	(780)
Impairment loss	-	37	-	37
At 1 February 2020	1,072	76,661	9,857	87,590
Net book value				
At 1 February 2020	**424**	**11,005**	**1,188**	**12,617**

	Capitalised leasehold costs £'000	Fixtures, fittings and equipment £'000	Office and computer equipment £'000	Total £'000
Cost				
At 3 February 2018	3,216	78,904	10,150	92,270
Foreign exchange adjustments	-	-	(4)	(4)
Additions	676	4,328	470	5,474
At 2 February 2019	3,892	83,232	10,616	97,740
Depreciation				
Restated at 3 February 2018	2,222	71,115	8,739	82,076
Foreign exchange adjustments	-	-	(4)	(4)
Charge for the year	225	2,745	598	3,568
Impairment loss	-	48	-	48
Restated at 2 February 2019	2,447	73,908	9,333	85,688
Net book value				
Restated at 2 February 2019	1,445	9,324	1,283	12,052

29. Right-of-use assets

	Property £'000	Equipment £'000	Total £'000
Net book value			
Net book value at 2 February 2019	-	-	-
Adjustment on initial application of IFRS 16	82,405	204	82,609
Net book value at 3 February 2019	82,405	204	82,609
Additions	7,257	20	7,277
Depreciation charge	(17,208)	(67)	(17,275)
Impairment reversal	155	-	155
Foreign exchange adjustments	(189)	-	(189)
At 1 February 2020	**72,420**	**157**	**72,577**

The expense relating to short-term leases and leases of low value assets (as described in Note 1e) and the costs relating to variable lease payments dependent on usage amounted to £2.0 million. Net cash outflow for leases amounted to £19.7 million.

As a result of the annual assessment of cash generating units for impairment, a reversal of the impairment recognised on initial application of IFRS 16 of £0.2 million was recorded for impairment of right-of-use assets. This relates to trading results during the year.

There are no significant lease commitments for leases not commenced at year-end.

The following table shows a maturity analysis of the lease payments receivable:

	1 February 2020 £'000
Maturity analysis - undiscounted lease payments receivable	
Within one year	555
Greater than one year but less than two years	559
Greater than two years but less than three years	477
Greater than three years but less than four years	278
Total undiscounted payments	1,869
Unearned finance income	(138)
Net investment (lease receivables)	**1,731**

Income from subleasing right-of-use assets amounted to £0.3 million.

30. Investments

	1 February 2020 £'000	2 February 2019 £'000
Investments	**2,383**	2,383
	2,383	2,383

Notes to the Company financial statements (continued)

30. Investments (continued)

Company	Country of registration or incorporation	Nature of business	Class of shares held	Proportion of shares held
AllSaints USA Limited	England	Retail	Ordinary	100%
All Saints Retail GmbH	Germany	Rental	Ordinary	100%
All Saints Retail SL	Spain	Dormant	Ordinary	100%
All Saints Retail SRL	Italy	Dormant	Ordinary	100%
All Saints Hong Kong Limited	Hong Kong	Procurement	Ordinary	100%
All Saints Retail LLC	Russia	Retail	Ordinary	100%
All Saints India Private Limited	India	Procurement	Ordinary	100%
All Saints Korea Co Limited	South Korea	Retail	Ordinary	100%
AllSaints Taiwan Co Limited	Taiwan	Retail	Ordinary	100%
AllSaints Shanghai Comm. Limited	China	Retail	Ordinary	100%
AllSaints Ventures Limited	England	Franchisor	Ordinary	100%
AllSaints Wholesale Limited	England	Wholesale	Ordinary	100%
AllSaints Japan KK	Japan	Retail	Ordinary	100%
AllSaints Switzerland GMBH	Switzerland	Retail	Ordinary	100%
AllSaints Italia SRL	Italy	Retail	Ordinary	100%
AllSaints Asia Ltd	Hong Kong	Wholesale	Ordinary	100%
AllSaints Hub Limited	England	Wholesale	Ordinary	100%

Audit exemptions

All Saints Retail Limited has guaranteed the outstanding liabilities of the subsidiaries within the group shown below, and has fulfilled all requirements under s479A of the Companies Act 2006 ('The Act'), thus enabling those subsidiaries to apply for audit exemption; provided their financial statements are not subject to audit under any other provisions of The Act.

The following subsidiary companies have applied for audit exemption:

Company	Country of registration or incorporation	Registration number	Nature of business	Proportion of shares held
AllSaints Ventures Limited	England	9456720	Franchisor	100%
AllSaints Wholesale Limited	England	9684440	Wholesale	100%
AllSaints Hub Limited	England	12079909	Wholesale	100%

31. Inventories

	1 February 2020	2 February 2019 Restated
	£'000	£'000
Finished goods and goods for resale	**36,221**	36,551
Provision for impairment of inventories	**(704)**	(567)
	35,517	35,984

31. Inventories (continued)

The following table details the movements in the provision for impairment of inventories:

	1 February 2020	2 February 2019
	£'000	£'000
Balance at the beginning of the period	**567**	797
Movement in provision during the period	**137**	(230)
Balance at the end of the period	**704**	567

32. Trade and other receivables

	1 February 2020	2 February 2019
	£'000	£'000
Trade receivables	**7,597**	4,871
Other receivables	**2,636**	2,859
Corporation tax	**490**	1,425
Prepayments, accrued income and deferred expenses	**4,644**	6,328
Amounts owed by group undertakings	**53,777**	37,999
	69,144	53,482

The breakdown of trade and other receivables is between current and non-current is as follows:

	1 February 2020	2 February 2019
	£'000	£'000
Current	**39,576**	20,688
Non-current	**29,568**	32,794
	69,144	53,482

33. Trade and other payables: amounts falling due within one year

	1 February 2020	2 February 2019 Restated
	£'000	£'000
Trade payables	**21,883**	18,671
Other taxes and social security costs	**8,448**	5,686
Other payables	**168**	1,391
Accruals and deferred income	**13,663**	24,286
Amounts owed to group undertakings	**25,780**	3,104
	69,942	53,138

Notes to the Company financial statements (continued)

34. Trade and other payables: amounts falling due after more than one year

	1 February 2020	2 February 2019
	£'000	£'000
Other payables	**14**	3,411
	14	3,411

35. Provisions

	Onerous lease costs £'000	**Dilapidation costs £'000**	**Total £'000**
Restated at 3 February 2018	2,833	2,156	4,989
Restated additions	768	993	1,761
Restated release during the year	(865)	(172)	(1,037)
Unwind of provision	40	23	63
At 2 February 2019	2,776	3,000	5,776
Adjustment on initial application of IFRS 16	(2,298)	-	(2,298)
Additions	-	808	808
Utilised during the year	(478)	(219)	(697)
Released during the year		(263)	(263)
Unwind of provision	-	79	79
At 1 February 2020	**-**	**3,405**	**3,405**

The breakdown of provisions between current and non-current is as follows:

	1 February 2020	2 February 2019
	£'000	£'000
Current	**1,225**	1,848
Non-current	**2,180**	3,928
	3,405	5,776

The provision for dilapidation costs represents the dilapidation costs in respect of the Company's leasehold properties and will therefore arise over the lease lives of the Company's properties.

There are inherent uncertainties in measuring the provisions of the future outflows

36. Lease Liability

The following tables show the discounted lease liabilities included in the Group balance sheet and a maturity analysis of the contractual undiscounted lease payments:

	1 February 2020 £'000
Lease liabilities	
Current	16,169
Non-current	62,430
Total lease liabilities	**78,599**

	1 February 2020 £'000
Maturity analysis - contractual undiscounted lease payments	
Within one year	18,432
Greater than one year but less than five years	52,453
Greater than five years but less than ten years	15,188
Total undiscounted payments	**86,073**

37. Borrowings

	1 February 2020 £'000	2 February 2019 £'000
Current		
Term loan	**2,229**	-
	2,229	-

	1 February 2020 £'000	2 February 2019 £'000
Non-current		
Term loan	**4,735**	-
Amounts owed to parent undertaking	**272,400**	240,936
	277,135	240,936

Term loan owed to Bank of America, N.A. has an interest rate of 3.0% plus LIBOR per annum, giving an average of 3.7% for the period, and is to be repaid in full on or before 1 September 2022.

38. Deferred tax

	Property, plant and equipment	Tax losses	Total
	£'000	£'000	£'000
At 2 February 2019			
Deferred tax assets	3,517	846	4,363
Deferred tax liabilities	-	-	-
At 2 February 2019	3,517	846	4,363
Debit to the income statement	(3,963)	(849)	(4,812)
Credit to the income statement	446	3	449
At 1 February 2020	-	-	-
Deferred tax assets	-	-	-
Deferred tax liabilities	-	-	-
At 1 February 2020	-	-	-

	Property, plant and equipment	Tax losses	Total
	£'000	£'000	£'000
Restated at 3 February 2018			
Deferred tax assets	3,920	1,208	5,128
Deferred tax liabilities	-	-	-
Restated at 3 February 2018	3,920	1,208	5,128
Debit to the income statement	(403)	(362)	(765)
Credit to the income statement	-	-	-
At 2 February 2019	3,517	846	4,363
Deferred tax assets	3,517	846	4,363
Deferred tax liabilities	-	-	-
At 2 February 2019	3,517	846	4,363

Deferred tax liabilities are recognised in full on taxable temporary differences and deferred tax assets are recognised on deductible temporary differences when future taxable profits can be reliably predicted under the liability method using applicable tax rates. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The deferred tax asset has been fully de-recognised in financial year 2019/20.

39. Share Capital

	1 February 2020	2 February 2019
	£	£
Authorised, issued, called up and fully paid		
17,171 ordinary shares of 1 pence each	**172**	172
	172	172

40. Related party transactions

As disclosed in Note 25d and in accordance with the exemptions in FRS 101 the Company is not required to disclose related party transactions with key management personnel or between members of the Group.

At 1 February 2020 the Company was owed £0.2 million (2019: £0.1 million) by Lion/Heaven Co-Investors LP, the private equity fund operated by Lion Capital LLP.

41. Events after the reporting date

Events impacting the Company that have occurred after reporting date and need to be disclosed in accordance with IAS 10 Events after the reporting date are reported in note 22 to the Group financial statements.

There were no adjusting post balance sheet events in relation to the these financial statements.