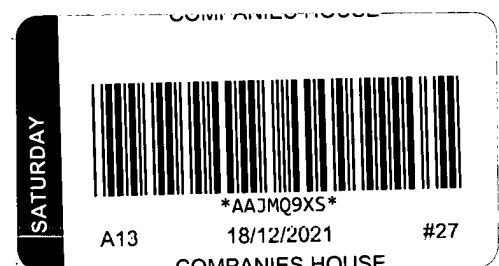


Registered number: 04169969

Stella McCartney Limited

**Annual report and financial statements
for the year ended 31-December 2020**



Stella McCartney Limited

Company information

Directors	S McCartney H Newman A Willis
Registered number	04169969
Registered office	3 Olaf Street London W11 4BE
Independent auditor	Mazars LLP St Katharine's Way London E1W 1DD United Kingdom

Stella McCartney Limited

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Stella McCartney Limited

Strategic report for the year ended 31 December 2020

We are pleased to present this report on the Company's business strategy for the year ended 31 December 2020. The objectives of this report are to provide users of these financial statements with:

- A balanced and comprehensive level of background context to the financial statements
- Analysis of the Company's performance during the year
- Insight into the Company's strategy and main objectives, the principal risks it faces and how it might affect future prospects.

Business review and strategy

The principal activities of the Company continue to be the development of the Stella McCartney brand through carefully selected partnerships, support of its global business, and the operation of the UK retail business.

With the impulsion of the new CEO, who arrived mid-2019, the majority of the Leadership roles were renewed in 2020: new Chief Operations Officer in July, new Chief Marketing Officer, new Sales Director in October and new Chief Financial Officer in November 2020. Supported by the Board of Directors of Anin Star Holding, the renewed Leadership team defined a new strategy, centred around the will to recreate desirability for Brand and Product, and attracting a new generation of customers.

One emblematic example of this new strategy was the launch in November 2020 of the A to Z campaign, which introduced iconic items, relayed by a fashion story, elevated assets and a 360 marketing plan.

Beyond the will to recreate desirability for the Brand and for the Products, the Company has remained strongly committed to its sustainability mission, through innovations respectful of the environment.

In order to support the turn-around, some assessments made in 2020 have led to key strategic investments:

- Digital: to build an integrated technology, give the brand a full 360 view of the customer and tailor the experience accordingly, decision was made in 2020 to exit from the partnership with Yoox-Net-A-Porter and migrate the business to Stella McCartney Italia SRL. The project was led in 2020 and has gone live in April 2021.
- IT infrastructure and solutions: after the assessment of the existing ERP in 2020, decision was made to commence a project to replace Infor M3 (ERP implemented at the exit from Kering) with a combination of Stealth and SAP by mid-2022.

At the same time, numerous initiatives were put in place to bring simplification and cost efficiency, in order to put the Company back on sustainable foundations:

- Closure of the Menswear line;
- Finalisation in 2020 of the partnership with Simonetta, aiming at licensing the Kids line starting Spring 2022 collection (end of 2021);
- Transformation of the RTW supply-chain from a predominant Make model to a balanced Make/Buy model in 2020;
- Reduction of the directly operated stores, while the Company continued to operate stores in Bicester Village and the flagship store in Old Bond Street, London, the store in Fulham Road Brompton was permanently closed.
- Conduct a review of business processes, to align the cost base with anticipated trading level; and in particular, focus on reduction of operating expenses in all areas.

Stella McCartney Limited

Strategic report (continued) for the year ended 31 December 2020

Business review and strategy (continued)

The outbreak of the COVID-19 pandemic in Q1 2020 provided an opportunity to accelerate our digital and brick and mortar transformation strategy. The immediate impact was a significant increase in digital sales, while the stores were closed for several weeks over the UK's first and second lockdowns. The outlook for 2021 remains uncertain and very much dependent on the global health and economic context, COVID-19 has reinforced the need to actively work on local clienteling and find new ways of serving the customers' needs.

The Company has continued in its partnerships with ISA S.p.A, and Adidas, and commenced a new eyewear licensing partnership with Thelios S.p.A following expiration of the Kering Eyewear agreement.

Key performance indicators ('KPI's')

Sales during the period reached £28,402,561 (2019: £38,607,325). The results for the year show a loss before tax of £31,433,542 (2019: £33,473,621). The Directors monitor the progress on the strategy by reference to the following KPI's:

- Decrease in revenue 26% (2019: 9% decrease);
- Excluding intercompany effects, revenues related to retail, e-commerce and license activities decrease by 9% (2019: 42% increase)
- Operating loss of £29,093,993 in 2020 (2019: £32,453,696).

The Directors have assessed the KPI's above in consideration of those points included under their review of the business environments.

Corporate social responsibility

Social responsibility is at the heart of the business. The Company is committed to promoting good labour standards, protecting human rights in all parts of the business. The Company frequently collaborates with external stakeholders and other brands to increase suppliers' awareness about human rights and to provide them with the right tools for a good supply chain management. The Company reports annually to the Ethical Trading Initiative on progress in promoting respect for worker's rights in supply chain and release a Modern Slavery statement each year. The Company continues to develop a wide range of supply chain projects that focus on bringing sustainability, traceability, and circularity into supply chains - from farm through to finished product. The Company focuses on sourcing sustainable and innovative materials that have a lower environmental impact such as organic cotton, recycled materials, and viscose from sustainably managed forests.

Principal risks and uncertainties

As a fashion and lifestyle company every new season confronts the brand with the risk that the new collections may be received less positively than anticipated. Constant market observation and regular attendance of international fashion events ensure that trends are identified early on to serve as a basis for the collection development.

The Directors also recognise the risks associated with not adequately protecting the brand's trademarks. As such the Company invests strongly in securing and defending industrial property rights in various product categories and countries.

The Directors have reviewed the position of the Company and deemed that Brexit will not have a significant impact on the business. Less than 5% of global revenue occurs through our UK brick and mortar stores dependent on cross border movement of goods to the UK, and the majority of traded goods are of preferential origin (i.e. made within EU or UK). Furthermore, the majority of foreign revenue recorded by Stella McCartney Limited relates to royalties and profit share, which benefit from UK international tax treaties that are unlikely to be affected by Brexit.

Stella McCartney Limited

Strategic report (continued) for the year ended 31 December 2020

Stakeholder engagement

In accordance with the Companies Act 2006 (the Act as amended by the Companies (Miscellaneous Reporting) Regulations 2018, the Directors provide this statement to describe how they have engaged with and had regard to the interests of our key stakeholders when performing their duty to promote the success of the Company, under section 172 of the Act.

We believe that considering our stakeholders when making key business decisions is fundamental to progressing our strategy to build Stella McCartney as a sustainable global luxury brand.

We place huge importance on working constructively and in partnership with all our stakeholders to create value to them. Our stakeholders include employees, customers, communities, partners, shareholders and governments.

Employees

The Directors recognise that employees are fundamental and core to the business and delivery of the strategic ambitions. The success of the business depends on attracting, retaining and motivating employees. As at 31 December 2020, the Company employed 183 people in the UK.

The Company keeps an open and constructive dialogue with teams throughout the year, in particular through the 'town hall' communication sessions, to improve communication across the Company. The Company offers therapy sessions and mental health support and have adapted the working environment moving to smart working to safeguard employees' health and to improve wellbeing and productivity.

The Company is proud of its diverse workforce and believes fair and equal reward is vital to success. The Company holds regular reviews of remuneration packages, and a new long-term incentive scheme has been in discussion throughout 2020.

The Company offers training and development to enable everyone to reach their potential and ensures equality of opportunities for promotion and progression.

Suppliers, Customers and Partners

Delivering strategy requires strong mutually beneficial relationships with suppliers, customers, and franchising partners. The Company seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships.

The Company engages with customers in store, through digital channels and through events. The customer service team is always available to deal with enquiries and offer gifting advice.

The Directors recognise the key role that suppliers play in providing with qualitative goods and services. For finished goods manufacturers and raw material suppliers, the Company aims at balancing the establishment of long-term, mutually beneficial relationships while ensuring that cost is optimised and risk managed through double-sourcing.

The Company ensures by way of regular audits that suppliers adhere to the Stella McCartney Sustainability policies, including the "Responsible Sourcing Guide", requiring a suitable environment for their workers, including working hours and child labour provisions.

Stella McCartney Limited


Strategic report (continued) for the year ended 31 December 2020

Stakeholder engagement (continued)

Suppliers, Customers and Partners (continued)

Franchise partners play an important part in driving growth in their respective regions. The Company leverages on their expertise, typically through their local knowledge and relationships. The Company also ensures Franchise partners understand strategy and values in order to implement them locally.

Strategic report approved by the Board of Directors and signed on behalf of the Board on 8 December, 2021 by:


**H Newman
Director**

Stella McCartney Limited

Directors' report for the year ended 31 December 2020

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Results and dividends

The results for the year are set out in the profit and loss account on page 12.

The results for the year show a loss before tax of £31,433,542 (2019: £33,473,621 loss) and sales of £28,402,561 (2019: £38,607,325). Sales excluding transactions with fellow group companies were £23,821,742 (2019: £26,087,283).

The loss for the year after taxation of £30,463,542 (2019: £33,473,621 loss) has been included in reserves.

There were no dividends paid throughout the year (2019: £nil). The Directors do not recommend the payment of a final dividend (2019: £nil).

Prior year restatement

The Company corrected a prior period error relating to turnover and the long term incentive schemes within 2019, by an increase in turnover of £412,653, with a corresponding decrease in trade debtors (note 14), and increasing administrative expenses by £1,958,707, with a corresponding decrease of £559,727 in accruals and deferred income and an increase of £2,518,434 in long term incentive plans (note 15). The cumulative impact of this adjustment is an increase in retained losses from £23,338,613 to £24,884,667 for year ended 31 December 2019.

Directors

The Directors of the Company during the year ended 31 December 2020 and up to the date of signing the Directors' report were as follows:

S McCartney
H Newman
A Willis

The Directors of the Company benefited from qualifying third party indemnity provisions in place during 2020 and ongoing at the date of this report.

Disclosure of information to the auditor

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

Political contributions

The Company has not made any political contributions during the year (2019: £nil).

Post balance sheet events

In early 2021, the business was still impacted by COVID-19, due to a national lock-down in the UK. However the recovery in sales, which was planned to be gradual as relying on the capability of the Group to deliver new image and products, and to attract and convert new customers, has shown to be overall in line with Budget 2021 expectations. As a consequence, the COVID-19 consequences have been considered to be a non-adjusting subsequent event for the Financial statements for the year ended 31 December 2020.

A decision was made in 2020 to exit from the partnership with Yoox-Net-A-Porter and migrate the business to Stella McCartney Italia SRL. The project was begun in 2020 and has been executed in April 2021.

Stella McCartney Limited

Directors' report (continued) for the year ended 31 December 2020

Outlook

Yearly target for 2021 is to increase sales by 4% in euros vs 2020, and to significantly reduce the operating loss.

The company will remain cautious in sizing resources and capex, given the very uncertain global context, and focus efforts on implementing the new Brand and Product strategy.

Going concern

Notwithstanding the loss of £30,463,542 for the year ended 31 December 2020, the financial statements have been prepared on a going concern basis which the Directors consider appropriate for the following reasons:

At the date of these financial statements, the Directors have carried out a detailed and comprehensive review of the business and its future prospects for a period of 12 months from the date of approval of the financial statements. Taking into account reasonably possibly downsides, the Company will have sufficient funds, through support from its shareholders, to meet its liabilities as they fall due.


The forecasts reviewed by the Directors are dependent on Anin Star Holding Limited providing additional financial support during that period. The Directors of Anin Star Holding Limited have indicated their intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. The Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Independent auditor

The auditor, Mazars LLP, will be deemed to be reappointed in accordance with Section 487 of the Companies Act 2006.

Directors' report was approved by the Board of Directors and signed for on behalf of the Board on 8 December, 2021 by:



H Newman
Director

Stella McCartney Limited

Statement of Directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors 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.

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.

Stella McCartney Limited

Independent auditor's report to the members of Stella McCartney Limited

Qualified Opinion

We have audited the financial statements of Stella McCartney Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, balance sheet, statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence about the existence and condition of the inventory balance held by company as at 31 December 2019 of £3,997,318 because we were unable to attend the year-end physical inventory counts since that date was prior to our appointment as auditor of the company. Consequently, we were unable to determine whether any adjustment to this amount at 31 December 2019 was necessary, or whether there was any consequential effect on cost of sales and loss for the year in relation to the year ended 31 December 2020.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 qualified opinion.

Conclusions relating to going concern

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

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

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

Stella McCartney Limited

Independent auditor's report to the members of Stella McCartney Limited (continued)

Other information

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

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 this other information, we are required to report that fact.

As described in the Basis for Qualified Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence about the existence and condition of the inventory balance held by company as at 31 December 2019 of £3,997,318 because we were unable to attend the year-end physical inventory counts since that date was prior to our appointment as auditor of the company. Consequently, we were unable to determine whether any adjustment to this amount at 31 December 2019 was necessary, or whether there was any consequential effect on cost of sales and loss for the year in relation to the year ended 31 December 2020.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Except for the matter described in the Basis for Qualified Opinion section of our report, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Stella McCartney Limited

Independent auditor's report to the members of Stella McCartney Limited (continued)

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to provisions against receivables, right of use assets, impairments, inventories and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Stella McCartney Limited

Independent auditor's report to the members of Stella McCartney Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

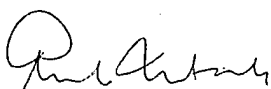
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



Richard Metcalfe (Senior Statutory Auditor)
For and on behalf of Mazard LLP
Chartered Accountants and Statutory Auditor

Tower Bridge House
St Katherine's Way
London
E1W 1DD

Date: 10/12/2021

Stella McCartney Limited

Profit and loss account for the year ended 31 December 2020

	Note	2020 £	As restated* 2019 £
Turnover	3	28,402,561	38,607,325
Cost of sales		(8,070,597)	(11,840,890)
Gross profit		20,331,964	26,766,435
Administrative expenses		(49,532,706)	(59,230,131)
Other operating income		106,749	10,000
Operating loss	6	(29,093,993)	(32,453,696)
Interest receivable and similar income	7	14,637	5,226
Interest payable and expenses	8	(2,354,186)	(1,025,151)
Loss on ordinary activities before taxation		(31,433,542)	(33,473,621)
Tax on loss on ordinary activities	9	970,000	-
Loss for the financial year		(30,463,542)	(33,473,621)

All results relate to continuing operations in the current and preceding years.

There are no recognised gains or losses other than those passing through the profit and loss account and therefore no other comprehensive income has been presented.

The notes on pages 15 to 33 form part of these financial statements.

*See note 1.20 for further details.


Stella McCartney Limited

Registered number: 04169969

Balance sheet as at 31 December 2020

	Note	2020 £	As restated* 2019 £
Fixed assets			
Intangible assets	10	3,837,487	4,821,533
Tangible assets	11	8,201,806	9,715,526
Right-of-use assets	12	30,148,629	28,355,265
		<u>42,187,922</u>	<u>42,892,324</u>
Current assets			
Stocks	13	4,154,370	3,997,318
Debtors	14	26,595,104	22,385,533
Cash at bank and in hand		3,768,880	4,633,348
		<u>34,518,354</u>	<u>31,016,199</u>
Creditors: amounts falling due within one year	15	(104,119,101)	(73,496,116)
Net current liabilities		<u>(69,600,747)</u>	<u>(42,479,917)</u>
Creditors: amounts falling due after more than one year	16	(27,935,183)	(25,296,873)
Net liabilities		<u>(55,348,008)</u>	<u>(24,884,466)</u>
Capital and reserves			
Called up share capital	18	201	201
Retained earnings		(55,348,209)	(24,884,667)
Total shareholders' deficit		<u>(55,348,008)</u>	<u>(24,884,466)</u>

The financial statements were approved by the Board of Directors on 8 December, 2021 by:


H Newman
Director

The notes on pages 15 to 33 form part of these financial statements.

*See note 1.20 for further details.

Stella McCartney Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £	As restated* Retained earnings £	Total shareholders' deficit £
At 1 January 2020 (as restated*)	201	(24,884,667)	(24,884,466)
Loss for the financial year	-	(30,463,542)	(30,463,542)
At 31 December 2020	201	(55,348,209)	(55,348,008)

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £	As restated* Retained earnings £	Total shareholders' deficit £
At 1 January 2019	201	8,588,954	8,589,155
Loss for the financial year (as restated*)	-	(33,473,621)	(33,473,621)
At 31 December 2019	201	(24,884,667)	(24,884,466)

The notes on pages 15 to 33 form part of these financial statements.

*See note 1.20 for further details.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting policies

1.1 Basis of preparation

Stella McCartney Limited (the 'Company') is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Anin Star Holding Limited, the parent undertaking of the Company as at 31 December 2020, has included the Company in its consolidated financial statements. The consolidated financial statements of Anin Star Holding Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 3 Olaf Street, London, United Kingdom.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Anin Star Holding Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect to the following disclosures:

- Certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument Disclosures'.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements which are prepared on the historical cost basis.

1.2 Changes in accounting policy and disclosures

The following standards and amendments were effective from 2020 but do not have a material impact on the figures disclosed.

- Definition of Material – amendments to IAS 1 and IAS 8,
- Covid-19-Related Rent Concessions – amendments to IFRS 16 (effective 1 June 2020 but early application is permitted)
- IAS 39 and IFRS 7, Revised Conceptual Framework for Financial Reporting
- Annual Improvements to IFRS Standards 2018-2020 Cycle.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting policies (continued)

1.3 Going concern

Notwithstanding the loss of £30,463,542 for the year ended 31 December 2020, the financial statements have been prepared on a going concern basis which the Directors consider appropriate for the following reasons:

At the date of these financial statements, the Directors have carried out a detailed and comprehensive review of the business and its future prospects for a period of 12 months from the date of approval of the financial statements. Taking into account reasonably possibly downsides, the Company will have sufficient funds, through support from its shareholders, to meet its liabilities as they fall due.

The forecasts reviewed by the Directors are dependent on Anin Star Holding Limited providing additional financial support during that period. The Directors of Anin Star Holding Limited have indicated their intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. The Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Interest receivable/payable

Interest earned on deposits is credited to the profit and loss account on an accruals basis. Interest arising on borrowings is charged to the profit and loss account on an accruals basis.

1.5 Financial instruments

The Company has no derivatives and does not trade in financial instruments.

The Company operates within the United Kingdom and the majority of transactions are denominated in Sterling. Sterling is the functional and reporting currency. Foreign currency transactions are monitored by the Directors to ensure that currency risks are kept at acceptable levels.

The Company funds operations through agreements with other group companies.

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

1.6 Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses.

1.7 Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting policies (continued)

1.8 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

1.9 Revenue recognition

Revenue comprises sales of goods, together with income from associated services (typically alterations and/or delivery fees), and income from royalties.

Sales of goods and associated services.

Sales of goods are recognised when the Company satisfies its performance obligation to its customers, typically upon delivery.

Sales of goods are measured:

- At the fair value of the consideration received;
- Excluding value added tax;
- Net of any rebates or discounts;
- Net of any returned goods.

Revenue from services directly related to the sale of goods is recognised in the period in which such services are rendered.

Income from royalties

Income from royalties is recognised in accordance with the contractual obligations specific to each agreement, over time as the performance obligation is satisfied, for example, when calculated based on the value of the underlying sales generated by the licensee under the agreement.

1.10 Coronavirus Job Retention Grant

The Coronavirus Job Retention Grant ("Furlough Scheme") is accounted for in the consolidated statement of comprehensive income within administrative expenses in the same period as the related expenditure.

1.11 Foreign currency

Transactions in foreign currency are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are converted to the functional currency at the exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the profit and loss account.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting policies (continued)

1.12 Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.13 Defined contribution plans

The Company contributes to employees' personal pension under a defined contribution scheme. Contributions are charged to the profit and loss account in respect of the accounting period.

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

1.14 Intangible assets

Trademarks, Software and Website costs are capitalised and amortised over their useful economic lives. The Directors estimate these to be between three and twenty years for Trademarks. Software and Website costs are amortised over three to five years from when the asset comes into use.

Intangible assets are assessed annually for impairment at each reporting date. However, if there is an indication that they would be impaired at any other point in time, an impairment assessment is performed.

1.15 Tangible fixed assets

Fixed assets are stated at cost less depreciation and, when appropriate, provision for impairment. Depreciation is provided on cost in equal annual installments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	- 7% to 33% per annum, or over the life of the lease
Fixtures and fittings	- 20% to 33% per annum
Computer equipment	- 20% to 25% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Tangible fixed assets are assessed annually for impairment at each reporting date. However, if there is an indication that they would be impaired at any other point in time, an impairment assessment is performed.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting policies (continued)

1.16 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and, where necessary, provision is made for obsolete, slow moving, and defective stocks based on the Directors' knowledge of customer demands and the stock aging profile. Sales in the fashion industry are volatile with increasing changes in customer demands and trends and therefore the Directors have used their best estimation in relation to stock valuation.

1.17 Leases

Where the Company has substantially all of the risks and rewards of ownership, leases are classified as finance leases. Finance leases are capitalised, at the lease's commencement, at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in "Creditors: amounts falling due within one year" and "Creditors: amounts falling due after more than one year". The interest element of the finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Leasehold property acquired under leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of fixtures and fittings are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

1.18 Long term incentive plans

Certain executives of the Company are offered an annual bonus grant which is based on the achievement of financial targets by its parent company, over the course of three year time frame.

The obligation of the Company over the term of this plan is estimated and its costs are spread over the length of the plan (3 years).

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting policies (continued)

1.19 Dividends

Dividends are paid on ordinary shares presented within equity. Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.20 Prior year restatement

The Company corrected a prior period error relating to turnover and the long term incentive schemes within 2019, by an increase in turnover of £412,653, with a corresponding decrease in trade debtors (note 14), and increasing administrative expenses by £1,958,707, with a corresponding decrease of £559,727 in accruals and deferred income and an increase of £2,518,434 in long term incentive plans (note 15). The cumulative impact of this adjustment is an increase in retained losses from £23,338,613 to £24,884,667 for year ended 31 December 2019.

2. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of tangible and intangible fixed assets

Determining whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset. The impairment tests are based on value in use or fair value less cost of disposal calculations. The calculations are based on management's mid-range projections. These projections involve a variety of assumptions such as estimates of future cash in- and outflows and choice of an appropriate discount rate.

(ii) Intangible assets

Intangible assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

(iii) Receivables

Determining whether receivables are recoverable. Consideration is made of any objective impairment to any financial assets that are measured at amortised cost, including observable data that comes to the attention of the Company or other factors which may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the market, economic or legal environment in respect of that financial asset.

(iv) Inventories

Inventories are stated at the lower of cost and net realisable value. The directors use their judgement to estimate the net realisable value used, if one cannot reasonably be determined by a third party. Further information is given in the Company's accounting policies.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

2. Judgments in applying accounting policies (continued)

(v) Lease accounting

The lease payments for Hardware and Equipment are discounted using the interest rate implicit in the lease. For Leasehold property, where no purchase option is available, lease payments are discounted using the Company's cost of borrowing at the time of right-of-use recognition.

3. Turnover

	2020 £	As restated* 2019 £
Profit split with group undertakings	2,159,470	11,206,379
Trading activities with third parties	14,331,871	16,097,847
Trading activities with group undertakings	2,107,471	516,433
Royalties from third parties	9,489,871	9,989,436
Royalties from group undertakings	313,878	797,230
	<u>28,402,561</u>	<u>38,607,325</u>
	2020 £	As restated* 2019 £
Trading activities in the UK	3,804,503	8,494,127
Trading activities within the rest of the world	24,598,058	30,113,198
	<u>28,402,561</u>	<u>38,607,325</u>

*See note 1.20 for further details.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

4. Information regarding Directors and employees

Staff costs during the year:

	2020 £	As restated* 2019 £
Wages and salaries	15,287,251	17,216,940
Social security costs	1,834,403	2,223,411
Long term incentive plan	110,358	1,479,628
Contributions to defined contribution plans	576,362	590,731
	<u>17,808,374</u>	<u>21,510,710</u>

During the year, the Company received cash payments in relation to the Government Coronavirus Job Retention Scheme amounting to £849,392. This payment received is included within salaries and wages.

*See note 1.20 for further details.

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

	2020 No.	2019 No.
Design	46	55
Selling and administration	160	176
	<u>206</u>	<u>231</u>

5. Directors' emoluments and highest paid Director

The Director's emoluments were as follows:

	2020 £	2019 £
Aggregate emoluments	<u>2,661,803</u>	<u>2,440,555</u>

Only one Director received remuneration from the Company. The other Directors are either employed by other group companies so any remuneration given is borne by those group companies, or the services they provide are minimal and amounts in relation to these services cannot realistically be attributed. For Directors employed by other group companies, no remuneration is given in respect of acting as a Director of this entity as it is incidental to their overall responsibilities to the group.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

6. Operating loss

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

	2020 £	2019 £
Amortisation of intangible assets (note 10)	1,985,065	1,142,504
Depreciation on tangible assets (note 11)	1,642,975	1,298,450
Depreciation of right of use assets (note 12)	3,507,824	3,324,244
Impairment of store	-	196,075
Rental income from properties	(106,749)	(10,000)
Losses on foreign exchange transactions	600,531	189,630
Auditor's remuneration	73,595	42,620
Inventory recognised as an expense	8,070,597	11,840,890
Lease expenses	3,375,182	3,021,189

7. Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	30	5,226
Other interest receivable	14,607	-
	14,637	5,226

8. Interest payable and similar expenses

	2020 £	2019 £
Interest payable to group companies	1,875,562	653,190
Interest on lease liabilities	478,624	371,961
	2,354,186	1,025,151

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

9. Taxation

	2020 £	2019 £
Current tax		
Over provision in prior year corporation tax	(970,000)	-
Total current tax	<u>(970,000)</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Total tax credit	<u>(970,000)</u>	<u>-</u>

Factors affecting tax charge for the current year

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	As restated* 2019 £
Loss on ordinary activities before tax	<u>(31,433,542)</u>	<u>(33,473,621)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(5,972,373)	(6,359,988)
Effects of:		
Non deductible expenses	57,316	123,766
Over provision in prior year corporation tax	(970,000)	-
Tax losses not recognised	6,208,808	5,942,471
Restatement of prior year Loss on ordinary activities before taxation	<u>(293,751)</u>	<u>293,751</u>
Total tax credit	<u>(970,000)</u>	<u>-</u>

*See note 1.20 for further details.

Factors affecting current and future tax charges

Changes to the UK corporation tax rates were substantively enacted by the Finance Bill 2021 (on 24 May 2021). These included an increase of the corporation tax rate to 25% from 1 April 2023. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

10. Intangible assets

	Software £	Trademarks £	Total £
Cost			
At 1 January 2020	3,981,135	10,462,638	14,443,773
Additions	830,820	170,199	1,001,019
At 31 December 2020	<u>4,811,955</u>	<u>10,632,837</u>	<u>15,444,792</u>
Amortisation			
At 1 January 2020	589,732	9,032,508	9,622,240
Charge for the year	1,271,550	713,515	1,985,065
At 31 December 2020	<u>1,861,282</u>	<u>9,746,023</u>	<u>11,607,305</u>
Net book value			
At 31 December 2020	<u>2,950,673</u>	<u>886,814</u>	<u>3,837,487</u>
At 31 December 2019	<u>3,391,403</u>	<u>1,430,130</u>	<u>4,821,533</u>

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

11. Tangible assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2020	13,426,679	2,093,817	233,914	15,754,410
Additions	9,238	-	236,685	245,923
Disposals	(1,163,445)	(337,888)	-	(1,501,333)
At 31 December 2020	<u>12,272,472</u>	<u>1,755,929</u>	<u>470,599</u>	<u>14,499,000</u>
Depreciation				
At 1 January 2020	4,918,937	988,277	131,670	6,038,884
Charge for the year	1,302,498	234,408	106,069	1,642,975
Disposals	(1,060,390)	(324,275)	-	(1,384,665)
At 31 December 2020	<u>5,161,045</u>	<u>898,410</u>	<u>237,739</u>	<u>6,297,194</u>
Net book value				
At 31 December 2020	<u>7,111,427</u>	<u>857,519</u>	<u>232,860</u>	<u>8,201,806</u>
At 31 December 2019	<u>8,507,742</u>	<u>1,105,540</u>	<u>102,244</u>	<u>9,715,526</u>

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

12. Right-of-use assets

The balance sheet shows the following amounts relating to leases:

(i) Amounts recognised in the balance sheet

	2020 £	2019 £
Right-of-use assets		
Leasehold property	29,748,202	27,813,038
Hardware	400,427	542,227
	<u>30,148,629</u>	<u>28,355,265</u>
	2020 £	2019 £
Lease liabilities		
Current	2,751,759	3,212,333
Non-current	27,935,183	25,296,873
	<u>30,686,942</u>	<u>28,509,206</u>

Additions to the right-of-use assets during the 2020 financial year were £nil (2019: £3,131,165). Disposals during the year were £nil (2019: £nil) as a result of Fulham Road Brompton Store being disposed of on the date the lease was due to expire.

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020 £	2019 £
Depreciation charge of right-of-use assets		
Leasehold property	3,366,024	3,227,333
Hardware	141,800	96,911
	<u>3,507,824</u>	<u>3,324,244</u>
	2020 £	2019 £
Interest expense	<u>478,623</u>	<u>371,961</u>

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

12. Right-of-use assets (continued)

(iii) Future minimum finance lease payments are as follows:

	2020 £	2019 £
Not later than 1 year	2,751,759	3,212,333
Later than 1 year and not later than 5 years	7,873,478	8,353,689
Later than 5 years	20,061,704	16,943,184
	<u>30,686,941</u>	<u>28,509,206</u>

The total cash outflow for leases in 2020 was £3,602,076 (2019: £3,428,306).

(iv) The Company's leasing activities and how these are accounted for

The Company leases various leasehold property and hardware. Rental contracts are typically made for fixed periods of 5 to 20 years but may have extension options. Extension options are included in the lease term when exercising the option is considered probable.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of fixtures and fittings are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Payments associated with the leasehold property are based on a percentage of sales and are recognised directly as an expense in the profit and loss account.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

13. Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>4,154,370</u>	<u>3,997,318</u>

Changes in finished goods and goods for resale recognised as cost of sales in the year amounted to £8,070,597 (2019: £11,840,890).

14. Debtors

	2020 £	As restated* 2019 £
Trade debtors	2,442,771	3,837,009
Amounts owed by group undertakings (note 19)	15,917,614	13,537,604
Other debtors	5,331,776	3,421,529
Prepayments	1,664,049	1,328,889
Tax recoverable	1,238,894	260,502
	<u>26,595,104</u>	<u>22,385,533</u>

*See note 1.20 for further details.

15. Creditors: amounts falling due within one year

	2020 £	As restated* 2019 £
Trade creditors	3,789,950	4,345,437
Amounts owed to group undertakings (note 19)	90,522,226	56,206,700
Other taxation and social security	1,327,373	1,339,574
Accruals and deferred income	2,438,754	5,873,638
Obligations under finance lease and hire purchase contracts	2,751,759	3,212,333
Other creditors	531,265	-
Severance pay	946,372	-
Long term incentive plans	1,811,402	2,518,434
	<u>104,119,101</u>	<u>73,496,116</u>

Included among the amounts owed to group undertakings, there is an intercompany loan with Anin Star Holding Limited for £66,172,226 (2019: £39,810,226). This is a monthly rolling credit facility, carrying an annual interest rate of 3.48% (2019: 3.39% (Libor + 2.5%)) as at the year ended 31 December 2020.

*See note 1.20 for further details.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

16. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Obligations under finance lease and hire purchase contracts (see note 12)	<u>27,935,183</u>	<u>25,296,873</u>

17. Deferred taxation

	2020 £	2019 £
At beginning of year	-	-
Charged to profit or loss account	-	-
At end of year	<u>-</u>	<u>-</u>

	2020 £	2019 £
The unrecognised deferred tax asset is made up as follows:		
Tangible fixed assets	158,914	62,909
Tax losses carried forward	12,412,326	7,778,194
Long term incentive plans	405,088	106,348
	<u>12,976,328</u>	<u>7,947,451</u>

18. Called up share capital

	2020 £	2019 £
Authorised, called up, allotted and fully paid		
100 ordinary class A shares of £1 each	100	100
100 ordinary class B shares of £1 each	100	100
1 preference share of £1	1	1
	<u>201</u>	<u>201</u>

The 'A' ordinary shares have no rights to dividends other than that recommended by the Directors. The shares carry 50% of the voting rights of the Company and have no preferential right to a return of capital on a winding up of the Company.

The 'B' ordinary shares have no rights to dividends other than that recommended by the Directors. The shares carry 50% of the voting rights of the Company and have no preferential right to a return of capital on a winding up of a Company.

The issued preference share has no rights to a dividend, is non-voting and has no right to receive notice of or attend any general meeting of the Company.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

19. Related party transactions

During the year an intercompany loan existed with Anin Star Holding Limited. The opening balance was £39,810,226 (2019: £15,040,000 with Kering UK Services). Anin Star Holding Limited provided loans of £26,362,000 (2019: £39,810,226). The outstanding balance at the year end was £66,172,226 (2019: £39,810,226) of capital and £2,388,484 (2019: £512,922) of interest. The interest charge in the year was £1,875,563 (2019: £512,922).

During the year payments were made to Stella McCartney of £2,661,803 (2019: £2,440,555) for Directors' emoluments. The dividend declared to Stella McCartney in 2018 of £531,265 remains unpaid. During the year the Company recharged Stella McCartney £8,531 (2019: £29,062) for goods and services. The outstanding balance at year end was £nil (2019: £29,062).

During the year purchases were made from Nina Beauty Ltd for £nil (2019: £19,406). The company is wholly owned by Stella McCartney. Purchases were made from The Canaletto Consultancy Ltd, a company owned by Helen Newman, of £103,834 (2019: £470,326).

During the year transactions were entered into and balances were outstanding at the year end in the ordinary course of business with the following fellow group undertakings:

	Sales & operating expense recharges to 31 December		Receivables outstanding 31 December	
	2020 £	2019 £	2020 £	2019 £
Stella McCartney (Shanghai) Trading Ltd	37,912	42,023	858,582	776,819
Stella McCartney America, Inc	39,057	106,243	154,937	110,168
Stella McCartney France S.A.S.	79,370	87,945	138,939	99,412
Stella McCartney Italia S.R.L.	4,183,275	11,579,583	14,579,125	12,364,080
Stella McCartney Japan Ltd	52,587	22,037	63,692	14,030
Stella McCartney Hong Kong Ltd	9,504	20,375	42,341	33,475
Stella McCartney Kids Italia S.R.L.	89,616	12,563	46,507	88,777
Stella McCartney Spain S.L.	54,305	68,413	30,427	47,906
Stella McCartney Taiwan Ltd	127	7,789	3,064	2,937
	<u>4,545,752</u>	<u>11,946,971</u>	<u>15,917,614</u>	<u>13,537,604</u>

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

19. Related party transactions (continued)

	Purchases & operating expense recharges 31 December		Payables outstanding 31 December	
	2020	2019	2020	2019
	£	£	£	£
E_Lite S.P.A.*	-	3,153,321	-	-
Kering S.A.*	-	506,967	-	-
Kering UK Services Ltd*	-	232,817	-	-
Luxury Fashion Swiss S.A.	-	740,224	-	730,189
Luxury Goods International S.A.*	-	634,556	-	-
Luxury Goods Outlet Europe S.a.g.l.*	-	27,562	-	-
Stella McCartney (Shanghai) Trading Ltd	9,337	-	69,427	700
Stella McCartney America, Inc	15,535	-	29,487	9,381
Stella McCartney France S.A.S.	1,252,348	1,479,571	4,988,112	3,536,908
Stella McCartney Hong Kong Ltd	7,505	-	9,060	1,959
Stella McCartney Italia S.R.L.	6,959,977	8,617,295	13,015,167	9,916,566
Stella McCartney Japan Ltd	82,924	-	108,908	20,805
Stella McCartney Kids Italia S.R.L.	1,758,961	1,418,284	3,624,572	1,598,289
Stella McCartney Spain S.L.	42,446	84,254	116,782	68,753
	<u>10,129,033</u>	<u>16,894,851</u>	<u>21,961,515</u>	<u>15,883,550</u>

	Royalties from 31 December		Receivables outstanding 31 December	
	2020	2019	2020	2019
	£	£	£	£
Kering Eyewear S.p.A.*	-	410,165	-	-
E_Lite S.P.A.*	-	131,056	-	-
E_Lite US Inc*	-	2,834	-	-
	<u>-</u>	<u>544,055</u>	<u>-</u>	<u>-</u>

*This company was considered to be a related party up to 15 July 2019 when the Company was acquired by Anin Star Holding Limited.

Stella McCartney Limited

Notes to the financial statements for the year ended 31 December 2020

20. Ultimate holding company and holding company

Anin Star Holding Limited, a company incorporated in the United Kingdom, is the immediate and ultimate holding company. Anin Star Holding Limited is the largest and smallest group to consolidate and publish the financial statements. Consolidated accounts including the results of the Company are available to the public from 3 Olaf Street, London, United Kingdom.

21. Post balance sheet events

In early 2021, the business was still impacted by COVID-19, due to a national lock-down in the UK. However the recovery in sales, which was planned to be gradual as relying on the capability of the Group to deliver new image and products, and to attract and convert new customers, has shown to be overall in line with Budget 2021 expectations. As a consequence, the COVID-19 consequences have been considered to be a non-adjusting subsequent event for the Financial statements for the year ended 31 December 2020.

A decision was made in 2020 to exit from the partnership with Yoox-Net-A-Porter and migrate the business to Stella McCartney Italia S.R.L.. The project was begun in 2020 and has been executed in April 2021.