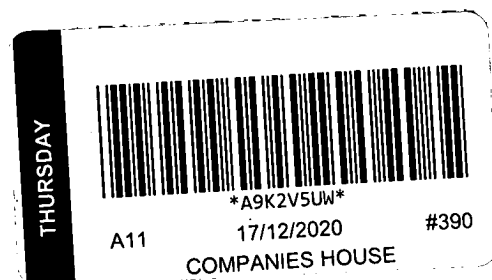


Littlewoods Clearance Limited
Annual Report and Financial Statements
for the Year Ended 30 June 2020



Littlewoods Clearance Limited

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Littlewoods Clearance Limited

Company Information

Directors

A S Barclay
H M Barclay
D W Kershaw
P L Peters

Registered office

First floor, Skyways House
Speke Road
Speke
Liverpool
L70 1AB

Auditor

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
United Kingdom
M3 3HF

Littlewoods Clearance Limited

Strategic Report for the Year Ended 30 June 2020

The directors present their Strategic Report for the year ended 30 June 2020. The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

This set of financial statements for the year ended 30 June 2020 has been prepared in accordance with The Reduced Disclosure Framework (FRS 101).

Principal activity

The company ceased to trade during the year ended 30 June 2019.

Review of the business

The profit after taxation for the year ended 30 June 2020 of £6,000 has been transferred to reserves (2019: £2.8m loss withdrawn from reserves). During the year ended 30 June 2019 the company ceased to trade and a restructuring provision was recognised with respect to the closure. During the current financial year, part of the provision has been utilised.

The directors manage The Very Group Limited (formerly Shop Direct Limited) group's operations on a divisional basis. For this reason, the company's directors believe that analysis using KPIs for the company is not necessary or appropriate for an understanding of the development, performance or position of the business. Accordingly, the principal risks and uncertainties of The Very Group Limited group, which include those of the company, are discussed in The Very Group Limited's annual report which does not form part of this report.

Principal risks and uncertainties

There are no principal risks or uncertainties evident for the company following the cessation of trade during the prior year. Covid-19 and Brexit are not expected to impact the company as the company no longer trades.

Going concern

As a result of the company ceasing to trade during the prior year the financial statements have been prepared on a basis other than going concern.

Assets and liabilities are measured at their net realisable value and classified as current. Realisable value is based on the proceeds receivable on disposal less costs as detailed in the accounting policies noted below. The value of liabilities is their expected settlement amount as detailed in the accounting policies noted below. Any gains or losses resulting from measuring assets and liabilities to the net realisable value are recognised in profit or loss.

In adopting a basis other than going concern, the directors have continued to apply the disclosure requirements of the standards.

Approved by the Board on 11 December 2020 and signed on its behalf by:



.....
D W Kershaw
Director

Littlewoods Clearance Limited

Directors' Report for the Year Ended 30 June 2020

The directors present their report and audited financial statements for the year ended 30 June 2020.

Matters disclosed in the Strategic Report

The following items which are required under s416 of the Companies Act 2006 have been disclosed in the Strategic Report:

- The business review
- Discussion of principal risks and uncertainties

Directors of the company

The directors, who held office during the year, were as follows:

A S Barclay
H M Barclay
D W Kershaw
P L Peters

Going concern

The directors' considerations regarding going concern are detailed in the Strategic Report.

Dividends

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

Elective resolutions

The company has passed elective resolutions to dispense with the holding of general meetings and for the laying of the annual report and financial statements before the company in general meetings, until such time as the elections are revoked.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of auditors

Deloitte LLP have indicated their willingness to continue in office. Appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board on 11 December 2020 and signed on its behalf by:



.....
D W Kershaw
Director

Littlewoods Clearance Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to the Members of Littlewoods Clearance Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Littlewoods Clearance Limited (the 'company') give a true and fair view of the state of the company's affairs as at 30 June 2020 and of the company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2 of the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter

Independent Auditor's Report to the Members of Littlewoods Clearance Limited

Other information

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 these financial statements.

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

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

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

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

In the light of our 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.

Independent Auditor's Report to the Members of Littlewoods Clearance Limited

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.



.....
Rachel Argyle (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester
United Kingdom

11 December 2020

Littlewoods Clearance Limited**Profit and Loss Account for the Year Ended 30 June 2020**

| | Note | 2020 £ 000 | 2019 £ 000 |
|---|------|---------------|---------------|
| Revenue | 4 | - | 7,250 |
| Cost of sales | | - | (4,142) |
| Gross profit | | - | 3,108 |
| Distribution costs | | 6 | (1,160) |
| Administrative expenses | | - | (2,590) |
| Exceptional items | 5 | - | (2,188) |
| Operating profit/(loss) and profit/(loss) before tax | 6 | 6 | (2,830) |
| Tax | 9 | - | - |
| Profit/(loss) for the year | | 6 | (2,830) |

The profit for the year and the loss for the prior year relates to discontinued operations.

The notes on pages 11 to 19 form an integral part of these financial statements.

No separate statement of comprehensive income has been presented as all gains and losses have been dealt with in the profit and loss account.

Littlewoods Clearance Limited**Balance Sheet as at 30 June 2020**

| | Note | 2020 £ 000 | 2019 £ 000 |
|--|------|-----------------|-----------------|
| Non-current assets | | | |
| Investments | 10 | - | - |
| Current assets | | | |
| Debtors | 11 | - | 18 |
| Cash at bank and in hand | | 29 | 38 |
| | | <u>29</u> | <u>56</u> |
| Current liabilities | | | |
| Creditors: Amounts falling due within one year | 12 | (570) | (55) |
| Lease liabilities | 15 | <u>(22)</u> | <u>-</u> |
| Net current (liabilities)/assets | | <u>(592)</u> | <u>1</u> |
| Total assets less current liabilities | | (563) | 1 |
| Provisions for liabilities | 13 | <u>(247)</u> | <u>(1,817)</u> |
| Net liabilities | | <u>(810)</u> | <u>(1,816)</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 21,000 | 21,000 |
| Other reserves | | 16,348 | 15,348 |
| Profit and loss account | | <u>(38,158)</u> | <u>(38,164)</u> |
| Shareholders' deficit | | <u>(810)</u> | <u>(1,816)</u> |

The notes on pages 11 to 19 form an integral part of these financial statements.

Approved and authorised for issue by the Board on 11 December 2020 and signed on its behalf by:



.....
D W Kershaw
Director

Littlewoods Clearance Limited**Statement of Changes in Equity for the Year Ended 30 June 2020**

| | Share capital £ 000 | Other reserves £ 000 | Profit and loss account £ 000 | Total £ 000 |
|-----------------------------|--------------------------------|---------------------------------|--|------------------------|
| At 1 July 2018 | 21,000 | 8,242 | (35,334) | (6,092) |
| Loss for the year | - | - | (2,830) | (2,830) |
| Total comprehensive expense | - | - | (2,830) | (2,830) |
| Capital contribution | - | 7,106 | - | 7,106 |
| At 30 June 2019 | 21,000 | 15,348 | (38,164) | (1,816) |

| | Share capital £ 000 | Other reserves £ 000 | Profit and loss account £ 000 | Total £ 000 |
|----------------------------|--------------------------------|---------------------------------|--|------------------------|
| At 1 July 2019 | 21,000 | 15,348 | (38,164) | (1,816) |
| Profit for the year | - | - | 6 | 6 |
| Total comprehensive income | - | - | 6 | 6 |
| Capital contribution | - | 1,000 | - | 1,000 |
| At 30 June 2020 | 21,000 | 16,348 | (38,158) | (810) |

Other reserves relate to the capital contribution from the parent company in the form of a waiver of intercompany balances.

The notes on pages 11 to 19 form an integral part of these financial statements.

Littlewoods Clearance Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

1 General information

The company is a private company limited by share capital incorporated under the Companies Act 2006, it is registered and domiciled in England and Wales.

The address of its registered office is:

First floor, Skyways House
Speke Road
Speke
Liverpool
L70 1AB

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Application of Financial reporting Requirements) issued by the Financial Reporting Council. The financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as they apply on a basis other than going concern.

The financial statements are drawn up to the Saturday nearest to 30 June, or to 30 June where this falls on a Saturday. In the current financial year this was Saturday 27 June 2020 (2019: Saturday 29 June 2019).

The nature of the company's operations is set out in the Strategic Report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

Basis other than going concern

Littlewoods Clearance Limited ceased trading during the financial year ended 30 June 2019. As such, the going concern basis of preparation is not appropriate and accordingly, the financial statements are prepared on a basis other than that of a going concern.

Assets and liabilities are measured at their net realisable value and classified as current. Realisable value is based on the proceeds receivable on disposal less costs as detailed in the accounting policies noted below. The value of liabilities is their expected settlement amount as detailed in the accounting policies noted below. Any gains or losses resulting from measuring assets and liabilities to the net realisable value are recognised in profit or loss.

In adopting a basis other than going concern, the directors have continued to apply the disclosure requirements of the standards.

Summary of disclosure exemptions

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash-flow statement, standards not yet effective and transactions with related party and key management personnel. Where relevant, equivalent disclosures have been included in the group accounts of The Very Group Limited which are available to the public.

As the company is a wholly owned subsidiary of The Very Group Limited through an intermediate company, it is exempt under S400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Littlewoods Clearance Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 July 2019 have had a material effect on the financial statements.

Revenue recognition

Revenue represents the sale of goods to customers, less value added tax and is recognised in the profit and loss account at the point of sale for high street sales and on despatch for internet sales which is considered to be the point at which the risks and rewards are transferred to the customer.

Investments

Investments are included in the balance sheet at their cost on acquisition. Where appropriate, provision is made for any impairment in their value.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When some of the economic benefits required to settle a provision are expected to be recovered from a third party, the provision is reduced by this amount.

Exceptional items

Exceptional items are those significant items which are separately disclosed on the face of the profit and loss account by virtue of their size and incidence to enable a full understanding of the company's financial performance.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax, this is £nil in the year (2019: £nil).

Current tax

The tax currently receivable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Littlewoods Clearance Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

Taxation(continued)

Deferred tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders.

Financial assets and liabilities

Classification

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities, including borrowings, are initially measured at fair value.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Littlewoods Clearance Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

2 Accounting policies (continued)

Financial assets and liabilities (continued)

Recognition and measurement (continued)

Financial assets are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Leases

At the inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The company recognises a right-of-use asset and a lease liability at the lease commencement date which is the date at which the asset is made available for use by the company.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate known at the commencement date, payments for a purchase option, payments for an optional renewal period and termination option payments if the company is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applied judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised. Management applied judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest implicit in the lease or where this cannot be readily determined, the lessee's incremental borrowing rate which is assumed to be 7.75%.

After the commencement date, the lease liability is measured at amortised cost using the effective interest rate method. It is remeasured if there is a modification, a change in future lease payments arising from a change in an index or rate, or if the company changes its assessment of whether it is reasonably certain to exercise an option within the contract.

Littlewoods Clearance Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Dilapidations

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Dilapidations are provided for on a contractual basis using independent property assessors to estimate the provision.

There are no critical accounting judgments that are relevant for the company.

4 Revenue

The analysis of the company's revenue for the year is as follows:

| | 2020 £ 000 | 2019 £ 000 |
|---------------|---------------|---------------|
| Sale of goods | - | 7,250 |

The company's discontinued activities consist solely of discount high street and internet retailing with its origin and destination in the United Kingdom.

5 Exceptional costs

| | 2020 £000 | 2019 £000 |
|--|--------------|----------------|
| Restructuring cost arising from operational reorganisation | - | (2,569) |
| Impairment of fixed assets | - | 24 |
| Impairment of stock | - | 357 |
| Exceptional items | - | (2,188) |

The exceptional costs incurred in the year ended 30 June 2019 relate to redundancy costs associated with the cessation of trade.

Littlewoods Clearance Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

6 Operating profit/(loss) and profit/(loss) before tax

Arrived at after charging:

| | 2020 £ 000 | 2019 £ 000 |
|---|---------------|---------------|
| Depreciation charge | - | 140 |
| Operating lease expense - property | - | 387 |
| Cost of inventories recognised as expense | - | 2,685 |
| Impairment of stock | - | 148 |
| Impairment of fixed assets | - | 487 |
| | <hr/> | <hr/> |

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2020 £ 000 | 2019 £ 000 |
|--|---------------|---------------|
| Wages and salaries | - | 2,096 |
| Social security costs | - | 170 |
| Redundancy and severance | - | 1,663 |
| Pension costs, defined contribution scheme | - | 85 |
| | <hr/> | <hr/> |
| | - | 4,014 |

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2020 No. | 2019 No. |
|------------------------------------|-------------|-------------|
| Administration | - | 10 |
| Stores | - | 61 |
| Distribution and customer services | - | 26 |
| | <hr/> | <hr/> |
| | - | 97 |

The directors did not receive any emoluments for their services to the company during the year ended 30 June 2020 (2019: same). Directors' emoluments are borne by other group companies and are not recharged (2019: same).

8 Auditor's remuneration

Auditor's remuneration was borne by fellow subsidiary undertakings and no recharge was made to the company (2019: same). There are no non-audit fees payable to the auditor in the current or prior year.

Littlewoods Clearance Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

9 Taxation

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2019 - lower than the standard rate of corporation tax in the UK of 19%). There is no tax charge or credit in either year.

The differences are reconciled below:

| | 2020 £ 000 | 2019 £ 000 |
|---|---------------|---------------|
| Profit/(loss) before tax | 6 | (2,830) |
| Corporation tax at standard rate | (1) | 538 |
| Decrease from tax losses for which no deferred tax asset was recognised | (1,078) | - |
| Decrease/(increase) arising from group relief | 1,079 | (538) |
| Total tax charge | - | - |

The applicable rate of corporation tax for the period is 19%. The 2016 Finance Act had a provision to reduce the UK corporation tax rate to 17% from 1 April 2020, however, this was repealed in the Spring budget of 2020.

The total potential asset for deferred taxation is as follows:

| | 2020 £ 000 | 2019 £ 000 |
|---|---------------|---------------|
| Accelerated capital allowances | - | 600 |
| Short term timing differences | 577 | 741 |
| Total deferred tax asset not recognised | 577 | 1,341 |

The deferred tax asset has not been recognised as it is not considered to be recoverable in future years.

10 Investments

£ 000

Shares in group undertakings:

At 1 July 2019 and 30 June 2020

-

Details of the subsidiaries as at 30 June 2020 are as follows:

| Name of subsidiary | Principal activity | Registered office | Proportion of ownership interest and voting rights held (ordinary share capital) | |
|--------------------------------|--------------------|--|--|------|
| | | | 2020 | 2019 |
| Catalogue Bargain Shop Limited | Dormant | First Floor, Skyways House, Speke, Liverpool, L70 1AB, England and Wales | 100% | 100% |
| Lewis U.K. Limited | Dormant | First Floor, Skyways House, Speke, Liverpool, L70 1AB, England and Wales | 100% | 100% |

Littlewoods Clearance Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

11 Debtors

| | 2020 £ 000 | 2019 £ 000 |
|---------------|---------------|---------------|
| Trade debtors | - | 18 |

12 Share capital

Allotted, called up and fully paid shares

| | 2020 | | 2019 | |
|----------------------------|---------|--------|---------|--------|
| | No. 000 | £ 000 | No. 000 | £ 000 |
| Ordinary shares of £1 each | 21,000 | 21,000 | 21,000 | 21,000 |

13 Provisions for liabilities

| | Rationalisation and Reorganisation £ 000 |
|-------------------------------------|---|
| At 1 July 2019 | 1,817 |
| Reclassified on adoption of IFRS 16 | (296) |
| Utilised during the year | (1,274) |
| At 30 June 2020 | 247 |

The provision consists of £247,000 (2019: £1,324,000) in relation to dilapidations and £nil (2019: £197,000) in relation to other restructuring costs.

It is estimated that the provision will be utilised over the next financial year.

The onerous lease provision has been reclassified to a lease liability due to adoption of IFRS 16 on 1 July 2019. Refer to note 15 for more detail.

14 Creditors: amounts falling due within one year

| | 2020 £ 000 | 2019 £ 000 |
|-----------------------------------|---------------|---------------|
| Trade creditors | 20 | 32 |
| Amounts due to group undertakings | 547 | - |
| Social security and other taxes | 3 | 23 |
| | 570 | 55 |

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Littlewoods Clearance Limited

Notes to the Financial Statements for the Year Ended 30 June 2020 (continued)

15 Leases

Amounts recognised in the Statement of Financial Position

The company presents lease liabilities as obligations under finance leases in the Statement of Financial Position. The onerous lease provision has been reclassified as a lease liability due to adoption of IFRS 16 on 1 July 2019.

The amounts included within obligations under finance leases are as follows:

| | 2020 £ 000 | 1 July 2019 £ 000 |
|---------------------------|---------------|----------------------|
| Lease liabilities: | | |
| Due within 1 year | 22 | 274 |
| Due within 2 to 5 years | - | 22 |
| Due after 5 years | - | - |
| | <u>22</u> | <u>296</u> |

The right of use asset was valued at £nil at 1 July 2019 given that the lease was previously recognised as onerous as the company ceased to trade in the year ended 30 June 2019. As a result, there are no amounts disclosed in the Profit and Loss Account for the year ended 30 June 2020.

During the current financial year, the company has adopted IFRS 16 which supersedes IAS 17 (Leases). Note 2 details the IFRS 16 accounting policy choices applied.

16 Parent and ultimate parent undertaking

The immediate holding company is The Very Group Limited, a company registered in England and Wales.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Shop Direct Holdings Limited, incorporated in England and Wales.

The address of Shop Direct Holdings Limited is: 2nd Floor, 14 St George Street, London, W1S 1FE.

Shop Direct Holdings Limited is controlled by Sir David Barclay and Sir Fredrick Barclay Family Settlements.

The parent of the smallest group in which these financial statements are consolidated is The Very Group Limited, incorporated in England and Wales.

The address of The Very Group Limited is: First Floor, Skyways House, Speke Road, Speke, Liverpool, L70 1AB.