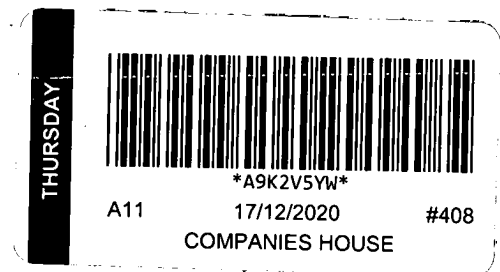


Littlewoods Retail Limited
Annual Report and Financial Statements
for the Year Ended 30 June 2020



Littlewoods Retail Limited

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Littlewoods Retail Limited

Company Information

Directors

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 Retail 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 (FRS101).

Principal activity

The principal activity of the company is that of a holding company.

Review of the business

The company made a profit of £nil in the current financial year (2019: £9.0m profit).

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.

Future outlook

The directors remain confident on the trading outlook of the investments owned by the business.

Principal risks and uncertainties

The company's principal risk relates to the recoverable value of the company's principal investments. This is mitigated through a regular review of the company's investments. The directors do not consider there to be any other risks. Brexit is not expected to have a significant impact on the company and any potential impact is being assessed on a Group basis. The management team of The Very Group Limited is proactively planning for Brexit by identifying risks and driving mitigation actions against these risks.

Going concern

In determining whether the company's accounts can be prepared on a going concern basis, the directors considered the company's business activities together with factors likely to affect its future development, performance and financial position including cash flows, liquidity position and the principal risks and uncertainties relating to its business activities.

The company is dependent on funds provided by The Very Group Limited ("the Group"), for which the financial statements for the year ended 30 June 2019 included a material uncertainty with respect to going concern. This was due to the accounts being approved before an additional £150.0m of funding was received in order to meet the final customer redress claims liability following an unexpected late surge in claims ahead of the 29 August 2019 FCA deadline.

During the year ended 30 June 2020 the material uncertainty relating to going concern has been resolved through a cash injection into the Group of £150.0m as follows:

- £75.0m equity injection on 18 November 2019;
- £25.0m equity injection on 7 February 2020; and
- £50.0m of 'C2' notes issued under the securitisation programme and drawn down on 5 February 2020.

As such the directors no longer consider that there is a material uncertainty regarding the Group's ability to continue as a going concern.

Littlewoods Retail Limited

Strategic Report for the Year Ended 30 June 2020 (continued)

Going concern (continued)

The directors have carefully considered the impact of Covid-19 on the company. The impact of the pandemic is limited due to the nature of the company's operations. The Group has continued to trade effectively with the online store remaining open throughout and adjustments implemented such as contact centre and head office colleagues working from home. The multi-category offering has provided resilience against movements in individual product categories and there has been an increase in customer account applications, including credit accounts. Due to the strong trading performance during the lockdown period The Group opted not to draw on the Government's Coronavirus Job Retention Scheme. Despite its significant negative economic and social impact, Covid-19 has accelerated online retail growth and increased consumers' appetite for flexible ways to pay, as well as led more brands to look for new online sales and distribution channels. The Group is well placed to capitalise on these trends and the unique opportunities it has as a business in the years to come. As such, after making appropriate enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the Annual Report and Financial Statements.

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



.....
D W Kershaw
Director

Littlewoods Retail Limited

Section 172 Companies Act 2006 for the Year Ended 30 June 2020

This report sets out how the Directors comply with the requirements of Section 172 Companies Act 2006 and how these requirements have impacted the Board's decision making throughout the year ended 30 June 2020.

The Board's primary responsibility is to promote the long-term success of the company by ensuring it delivers sustainable shareholder value and contributes to wider society. The successful delivery of the long-term plans relies on key inputs and positive relationships with stakeholders. The Board seeks to achieve this by setting out its strategy, monitoring performance against the company's strategic objectives and reviewing the Board's implementation of the strategy.

The Board has chosen to apply its own corporate governance arrangements for the year ended 30 June 2020.

The Board's priority is to ensure that the Directors have acted both individually and collectively in ways they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole with regard to all its stakeholders and to the matters set out in Section 172 of the Companies Act 2006. These details are set out below.

Section 172: a) the likely consequence of any decision in the long term

The Board agrees a five year plan annually with The Very Group Limited (formerly Shop Direct Limited) ("TVGL"). The Board monitors its implementation throughout the year using detailed reports on operating and financial performance. This includes monitoring progress against key strategic programmes (both short-term and long-term) as well as considering the allocation of capital to support the rolling five-year business plan.

Littlewoods Retail Limited is a subsidiary included within The Very Group Limited Group. The Board consider the going concern of Littlewoods Retail Limited to be directly linked to that of TVGL and other entities in the broader group given the financial inter-relationships.

The Board, therefore, regularly reviews the TVGL's (including Littlewoods Retail Limited) forecast funding requirements. During the year, following a spike in customer redress claims ahead of the FCA-imposed August 2019 deadline, TVGL secured £100.0m of equity injections from the ultimate parent company and raised £50.0m of additional securitisation funding through the issue of 'C2' notes.

External factors, such as competitor behaviour, and the evolving economic, political and market conditions, are also considered by the Directors in approving the strategy.

Section 172: c) the need to foster the company's business relationships with others

The Board regularly reviews how the company maintains positive relationships with all its stakeholders.

Compliance with regulatory obligations is a key element of those frameworks. Other stakeholders include communities, government bodies, shareholders, financing partners and industry and regulatory bodies

We are active participants in industry bodies across the financial services sectors, including the Finance and Leasing Association, and engage actively with government and regulators on industry matters, including regulatory change, both as a company and as a proactive contributor to industry responses.

Section 172: d) the impact of the company's operations on the community and environment

The Board supports the company's goals and initiatives in relation to supporting the communities and reducing adverse impacts on the environment.

Littlewoods Retail Limited as part of The Very Group have chosen charities to support at a corporate level. Between 2017 and 2019, The Very Group raised more than £600,000 for the Booth and Whitechapel Centres, homelessness charities in Greater Manchester and Liverpool respectively, as well as providing them with knowledge and expertise.

Littlewoods Retail Limited

Section 172 Companies Act 2006 for the Year Ended 30 June 2020

Section 172: d) the impact of the company's operations on the community and environment (continued)

The Very Group is now supporting Coram Beanstalk, a national reading charity which recruits, trains and supports volunteers to provide reading support in primary schools and we plan to raise £600,000 over the next two years

Section 172: e) the desirability of the company maintaining a reputation for high standards of business conduct

The Directors take the reputation of the company seriously. This is not limited only to operational and financial performance. The Board has committed to having a workforce that more accurately reflects society.

In order to ensure a truly inclusive workplace, The Very Group reached out to Stonewall to be a critical friend to our business and highlight areas where we could improve. As a result of our initial discussions, The Very Group, including Littlewoods Retail Limited, became members of their Diversity Champion programme.

We will continue to work with Stonewall over the next 12 months, working towards their Workplace Equality Index.

Section 172: f) the need to act fairly between members of the company

The company is ultimately 100% owned by Shop Direct Holdings Limited. The company regularly engages with shareholder members, including at Very Group Board meetings. The Board of Littlewoods Retail Limited comprises the Group CEO, the Corporate Finance Director together with five non-executive directors.

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



.....
D W Kershaw
Director

Littlewoods Retail Limited

Director's Report for the Year Ended 30 June 2020

The directors present their annual report and the 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
- Future outlook
- Discussion of principal risks and uncertainties

Directors of the company

The directors, who held office during the year, and up to the date of signing, were as follows:

D W Kershaw

P L Peters

Dividends

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

Going concern

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

Disclosure of information to the auditor

The directors have taken steps that they ought to have taken as directors 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.

Elective resolutions

The company has passed elective resolutions to dispense with the holding of annual 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.

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 Retail 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 Retail Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Littlewoods Retail 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 result 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 11.

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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of Littlewoods Retail 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 Retail 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 Retail Limited**Profit and Loss Account for the Year Ended 30 June 2020**

| | Note | 2020 £ 000 | 2019 £ 000 |
|--------------------------------------|------|---------------|---------------|
| Revenue | 4 | - | 9,005 |
| Profit before tax | 5 | - | 9,005 |
| Tax on profit on ordinary activities | 7 | - | - |
| Profit for the year | | - | 9,005 |

The above results were derived from continuing operations.

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

The notes on pages 14 to 19 form an integral part of these financial statements.

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

| | Note | 2020 £ 000 | 2019 £ 000 |
|-----------------------------|------|---------------|---------------|
| Fixed assets | | | |
| Investments | 8 | 750 | 750 |
| Current assets | | | |
| Debtors | 9 | 265,746 | 265,746 |
| Net current assets | | 265,746 | 265,746 |
| Net assets | | 266,496 | 266,496 |
| Capital and reserves | | | |
| Called up share capital | 10 | 201,146 | 201,146 |
| Share premium reserve | | 62,617 | 62,617 |
| Profit and loss account | | 2,733 | 2,733 |
| Shareholders' funds | | 266,496 | 266,496 |

The notes on pages 14 to 19 form an integral part of these financial statements.

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



.....
D W Kershaw
Director

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

| | Share capital | Share premium | Profit and loss | Total |
|----------------------------|----------------------|----------------------|------------------------|--------------|
| | £ 000 | reserve | account | £ 000 |
| | £000 | £000 | £000 | £ 000 |
| At 1 July 2018 | 201,146 | 62,617 | (6,272) | 257,491 |
| Profit for the year | - | - | 9,005 | 9,005 |
| Total comprehensive income | - | - | 9,005 | 9,005 |
| At 30 June 2019 | 201,146 | 62,617 | 2,733 | 266,496 |

| | Share capital | Share premium | Profit and loss | Total |
|---------------------------------|----------------------|----------------------|------------------------|--------------|
| | £ 000 | reserve | account | £ 000 |
| | £000 | £000 | £000 | £ 000 |
| At 1 July 2019 and 30 June 2020 | 201,146 | 62,617 | 2,733 | 266,496 |

The notes on pages 14 to 19 form an integral part of these financial statements.

Littlewoods Retail 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 and domiciled in United Kingdom.

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'.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

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.

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.

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.

Going concern

In determining whether the company's accounts can be prepared on a going concern basis, the directors considered the company's business activities together with factors likely to affect its future development, performance and financial position including cash flows, liquidity position and the principal risks and uncertainties relating to its business activities.

Littlewoods Retail Limited

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

2 Accounting policies (continued)

Going concern (continued)

The company is dependent on funds provided by The Very Group Limited ("the Group"), for which the financial statements for the year ended 30 June 2019 included a material uncertainty with respect to going concern. This was due to the accounts being approved before an additional £150.0m of funding was received in order to meet the final customer redress claims liability following an unexpected late surge in claims ahead of the 29 August 2019 FCA deadline.

During the year ended 30 June 2020 the material uncertainty relating to going concern has been resolved through a cash injection into the Group of £150.0m as follows:

- £75.0m equity injection on 18 November 2019;
- £25.0m equity injection on 7 February 2020; and
- £50.0m of 'C2' notes issued under the securitisation programme and drawn down on 5 February 2020.

As such the directors no longer consider that there is a material uncertainty regarding the Group's ability to continue as a going concern.

The directors have carefully considered the impact of Covid-19 on the company. The impact of the pandemic is limited due to the nature of the company's operations. The Group has continued to trade effectively with the online store remaining open throughout and adjustments implemented such as contact centre and head office colleagues working from home. The multi-category offering has provided resilience against movements in individual product categories and there has been an increase in customer account applications, including credit accounts. Due to the strong trading performance during the lockdown period The Group opted not to draw on the Government's Coronavirus Job Retention Scheme. Despite its significant negative economic and social impact, Covid-19 has accelerated online retail growth and increased consumers' appetite for flexible ways to pay, as well as led more brands to look for new online sales and distribution channels. The Group is well placed to capitalise on these trends and the unique opportunities it has as a business in the years to come. As such, after making appropriate enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the Annual Report and Financial Statements.

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.

Littlewoods Retail Limited

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

2 Accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

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.

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.

Investments

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

Dividends receivable

Dividend income from investments is recognised when the shareholders' right to receive payment have been established (provided that it is probable that the economic benefits will flow to the entity and the amount of revenue can be measured reliably).

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.

Littlewoods Retail 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.

Amounts owed by the parent company

The key source of estimation is considered as being the assessment of recoverability of the receivable due from the parent company. Determining the recoverability of this balance takes into consideration a range of factors such as the ability of the parent company to continue as a going concern. Considerations around going concern for the parent company and group are documented in note 2.

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

4 Revenue

| | 2020 £ 000 | 2019 £ 000 |
|------------------------------|---------------|---------------|
| Intercompany dividend income | - | 9,005 |

Revenue in the prior year was generated from intercompany dividends receivable after capital repayments, required prior to liquidating the subsidiaries.

5 Auditor's remuneration

Auditor's remuneration has been borne by another group company and is not recharged (2019: same). There are no non-audit fees payable to the auditor in the period (2019: same).

6 Directors and employees

The company has no employees (2019: same). The directors are remunerated by other group companies and the cost is not recharged (2019: same).

Littlewoods Retail Limited

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

7 Income tax

| | 2020 £ 000 | 2019 £ 000 |
|--------------------|---------------|---------------|
| Current tax | | |
| UK corporation tax | - | - |
| Total tax | - | - |

There is no difference between the expected tax charge that would arise from applying the standard rate of corporation tax in the UK of 19% (2019: 19%) and the actual current tax charge for the period. The 2016 Finance Act had a provision to reduce the UK corporation tax to 17% from 1 April 2020, however, this was replaced in the spring budget of 2020 with the corporation tax rate remaining at 19%.

Reconciliation of profit before tax to taxable income below:

| | 2020 £ 000 | 2019 £ 000 |
|-------------------------|---------------|---------------|
| Profit before tax | - | 9,005 |
| Profit exempt from tax: | | |
| Dividend income | - | (9,005) |
| Total taxable income | - | - |

No deferred tax charge was incurred in either the current or prior year.

8 Investments

| | £ 000 |
|---------------------------------|---------|
| Cost | |
| At 1 July 2019 and 30 June 2020 | 4,570 |
| Impairment | |
| At 1 July 2019 and 30 June 2020 | (3,820) |
| Carrying amount | |
| At 1 July 2019 and 30 June 2020 | 750 |

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

| Name of subsidiary | Principal activity | Registered office | Proportion of ownership interest and voting rights held | |
|---|--------------------|-------------------|---|------|
| | | | 2020 | 2019 |
| Littlewoods Home Shopping Finance Limited | Holding company | England and Wales | 100% | 100% |

Registered office is the same as Littlewoods Retail Limited as disclosed on Page 1.

Littlewoods Retail Limited

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

9 Debtors

| | 2020 | 2019 |
|--------------------------------|---------|---------|
| | £ 000 | £ 000 |
| Amounts owed by parent company | 265,746 | 265,746 |

Amounts owed by parent company are unsecured, interest free, and repayable on demand.

10 Share capital

Allotted, called up and fully paid shares

| | 2020 | | 2019 | |
|----------------------------|---------|---------|---------|---------|
| | No. 000 | £ 000 | No. 000 | £ 000 |
| Ordinary shares of £1 each | 201,146 | 201,146 | 201,146 | 201,146 |

11 Parent and ultimate parent undertaking

The immediate holding company is Littlewoods Limited, a company registered in England and Wales. These financial statements are available upon request from Companies House.

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.