

LANDS' END EUROPE LIMITED

Report and Financial Statements

For the 52 week period ended 29 January 2021

Company Registration Number 02583731



LANDS' END EUROPE LIMITED

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LANDS' END EUROPE LIMITED

Company Information

Directors

James Frederick Gooch
Peter Lloyd Gray

Company number

02583731

Registered office

Lands' End Way
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Leicestershire
LE15 6US

Bankers

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2 Clumber Street
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Auditor

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Statutory Auditor
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LANDS' END EUROPE LIMITED

Strategic Report

The directors present their Strategic Report for the 52 weeks ended 29 January 2021. The comparative period is the 52 weeks ended 31 January 2020.

Principal activity and business review

The Company is a wholly owned subsidiary of the parent company, Lands' End International Inc., a company incorporated in the State of Delaware, USA.

The principal activity of the Company is the direct merchandising of traditionally styled casual clothing for men and women.

The company also provides various support functions for its sister company, Lands' End GmbH, which is incorporated in Germany and is also a wholly owned subsidiary of Lands' End International Inc. Lands' End GmbH operates as a fully-fledged distributor for the German / continental European market in its own right, with the goods sold by this sister company being purchased from Lands' End Europe Limited at an appropriate arm's length price.

As shown in the Company's income statement on page 13, turnover increased in the year by 32.5% as a result of growth seen in both the core UK business as well as in the Lands' End GmbH business which drives the remainder of turnover.

The Company recorded an operating profit of £1,385,000 (2020: loss of £718,000) during the period. The profit before tax was £1,393,000 (2020: loss £707,000). The statement of financial position on page 14 shows that the Company's net assets have increased by £1,171,000 (3.4%) during the period.

This result was in line with management's revised expectations for the year once the impact of the COVID outbreak and societal lockdowns across Europe on business demand and customer behaviour had been better understood. The strategic objectives to grow the business revenue streams, whilst also managing costs to enable the Company to remain profitable in future years continue.

The directors utilise various KPI's in order to measure the performance of the business. These are measured against operating profit/loss as this removes variations caused by interest and corporation tax rates. The KPI's are:

	2021	2020
Return on capital employed (i)	6.0%	(2.6)%
Return of operating profit/(loss) to turnover	1.5%	(1.1)%
Operating profit/(loss)loss per employee (£)	3,804	(2,087)

(i) Operating profit/(loss) as per financial statements divided by capital employed being period end net assets excluding cash deposits or overdrafts.

Digital marketing is a key part of the new customer acquisition strategy through increasing our online presence, this is particularly important at a time when many more customers are having to shop online due to COVID lockdown measures.

Some key KPI's from the digital marketing effort over the last financial year were as follows:

- Digital Marketing investment in the UK increased by 101% to prior year
- New customer acquisition increased by over 109%
- Retained customers increased by 14% (as a measure of customers that have bought from us more than once in a 12 month period)
- Reactivated customers also increased by 22% (this is a measure of customers who have come back and bought from us having not purchased in the last 12 months).

Future developments

Given the continuing macro-economic uncertainties, due to the ongoing COVID-19 pandemic, the directors consider that in both the short and medium term, prevailing economic conditions will continue to place pressure on both market pricing and competitor discounting. However, given the continued strong performance of the business both in the UK as well as through the intercompany sales to the sister company in Germany, the directors are confident that the Company is well placed through its current strategy to continue to overcome these pressures.

LANDS' END EUROPE LIMITED

Strategic Report

Principal risks and uncertainties

Competitive pressure in the United Kingdom and Europe is a continuing risk for the Company; if we fail to offer merchandise and services that customers want to purchase, our business and results of operations could be adversely affected. Our products must satisfy the desires of customers, whose preferences change over time, and so to be successful we must identify, obtain supplies of, and offer to customers attractive, innovative, and high-quality merchandise on a continuous and timely basis. Failure to effectively gauge the direction of customer preferences or convey a compelling brand image or price/value proposition to customers may result in lower sales and resultant lower gross profit margins.

The Company manages these risks by providing an excellent quality product and delivering excellent customer service, including handling customer queries efficiently and effectively in order to develop and maintain a strong relationship with its customers.

The Company's products are manufactured using several key raw materials including wool, cotton and down. These materials are subject to fluctuations in price and availability with many being produced in emerging markets across Asia and Central America. During 2020, the new Lands' End buying office opened in Hong Kong, this was established to enable Lands' End to continue its diversification of suppliers of both finished product and raw material inputs, whilst also maintaining value and quality standards throughout the supply chain. To ensure that economies of scale are achieved, the Company purchases products in collaboration with Lands' End, Inc. and Lands' End Japan KK. Each company takes legal title and receives shipments directly from the third-party manufacturers. These purchases are denominated in USD which presents an exchange risk to the business. The Company has considered various options available to it to mitigate some of this exchange risk, including hedging for purchase, however the parent company has determined that it will manage and absorb this risk internally within the wider Group and so no formal external hedging is currently undertaken. Other supply chain risks include increasing containerised freight costs, capacity issues at origin ports due to supplies of equipment, UK port congestion and lack of HGV drivers to deliver the goods from the UK ports. We work closely with our transport partners throughout the supply chain to mitigate these risks as much as we can.

The Company relies on sophisticated information technology systems provided via the US parent to operate, including the e-commerce websites, inventory management, warehouse management and human resources, some of which are based on end-of-life or legacy technology which, over time, present greater difficulty to maintain. Operating these legacy systems subjects the business to inherent costs and risks associated with maintaining, upgrading and replacing these systems and the recruitment and retention of sufficiently skilled personnel to maintain and operate the systems. Our e-commerce websites are subject to numerous risks that could have an adverse effect on our results, including unanticipated operating problems, reliance on third-party computer hardware and software providers, system failures and the need to invest in additional and updated computer platforms. The risk control/mitigation is managed through the ability of the Group support functions provided by the US parent and is therefore reliant upon the Group to provide the requisite level of development and innovation to mitigate these risks.

Catalogue mailings are a key aspect of our business and increases in the associated production costs such as paper, printing and postage, could reduce our profitability to the extent that we are unable to offset such increases by raising prices or implementing more efficient printing and postage options or by using alternative direct-mail formats. We currently use national mail carriers for distribution of substantially all our catalogues and are therefore vulnerable to postal rate increases that may not be capable of being offset by discounts that Lands' End currently obtains for bulk mailings or pre-sorting by postal codes and carrier routes.

The UK distribution centre stores and fulfils all inventory for both the UK and German businesses. The impact of the Brexit transition period ending and the new trading relationship with the EU on the existing supply chain had been planned for through 2019 and 2020. Our new supply chain partners have all ensured a smooth transition to the new regulatory requirements for moving goods in and out of the EU. The only supply chain impact has been increased customs inspections on imports into the EU, which has resulted in a longer delivery time to customers in mainland Europe. The customs warehouse authorisation gained in August 2020 for the Oakham DC as part of the Brexit preparations, allows goods to be stored without import duty or VAT being paid until the final sale either in the UK or the EU. This significantly reduces some of the risk of paying double duties on products imported into the UK and then sold on into Europe through LE GmbH. The operation of a customs warehouse, along with the use of postponed import VAT accounting continues to have a positive cashflow benefit to the Lands' End Europe Limited (LEEL)

LANDS' END EUROPE LIMITED

Strategic Report

Principal risks and uncertainties (continued)

business. This additional cashflow provides further working capital support to the business, particularly through periods of economic uncertainty.

The global economic impact of the COVID-19 pandemic will continue to influence GDP growth in UK and Germany through 2021 and 2022. The global economic impact of the COVID-19 pandemic will continue to influence GDP growth in UK and Germany through the second half of 2021 and in to 2022. With the successful ongoing roll out of the UK vaccine program, there are some signs that the domestic economy has started to rebound, and employment rates will recover quickly to pre-pandemic levels. Despite the improving economic outlook both here and in Germany, there is still significant uncertainty about what the high street will look like in the coming months, as there are still many troubled retailers that may not survive or return to traditional store-based trading.

All these factors will have potential consequences on our customers spending habits. Competition amongst retailers, both on the high street and online, is expected to remain high, and will undoubtedly lead to downward pressure on product margins. This provides LEEL with both risks and opportunities. If the trend towards more online retail activity continues after local and national lockdowns end, the online marketplace will become more competitive, and require continued investment in online marketing to maintain presence and grow market share. This larger market, combined with the fact that LEEL operates without the high costs associated with store-based retailers, presents significant growth opportunities as well as a lower cost base from which to compete.

The business has continued to act decisively to ensure continued operations and high levels of customer service. The distribution centre has been in continuous operation since the start of the COVID outbreak, social distancing, one-way systems and increased cleaning regimes, in line with government guidelines have been introduced to minimise the potential for operational disruption and ensure the safety and wellbeing of our staff. All other employees in the business, where possible, have been working remotely for over 12 months, this has required some additional internal infrastructure to support remote working and increased IT security training to ensure remote users are protected from increased cyber threats.

Following the closure of the Debenhams website and stores in May 2021, Lands' End will no longer be selling its clothing on the new Debenhams platform when it relaunches later in the year. The closure roadmap of the old Debenhams business did give sufficient time to consider strategies to mitigate this loss of revenue. Increased investment in new customer acquisition (NCA) growth and digital marketing started in Q4 of FY20 and continues through FY21 both in the UK and Germany. We expect these investments in attracting new customers will offset the negative profit impact of the closure of Debenhams, by being able to sell higher margin items direct to customers without the sales commissions on Debenhams sales. Lands' End has also been able to attract former Debenhams customers to shop directly through the LE website, this benefits the business from both a positive cash and margin point of view.

During the first half of 2020, all departments undertook a detailed review of costs across the business. This resulted in a reduction in staff headcount in the admin areas of the business, we have also renegotiated key contracts, where possible, to ensure the best value for money was being achieved. This focus on cost control will continue across the global business throughout 2021. The company also benefited from the UK Government furlough scheme and the UK Business Rates Holiday scheme through 2020, and then in early 2021, for staff who had to medically shield, but who are not able to work remotely, and the UK Business Rates Holiday scheme through the first half of 2021.

LANDS' END EUROPE LIMITED

Strategic Report

Carbon and energy reporting

	2021	2020
Scope 1 GHG emissions Natural Gas (tCO ₂ e)	298.017	295.724
Standard Natural Gas (KWh)	1,620,802	1,608,509
Scope 2 Location based GHG emissions Electricity (tCO ₂ e)	266.566	326.981
Electricity Generation (KWh)	1,143,374	1,279,269
Total statutory GHG emissions (tCO ₂ e)	564.583	622.706
Total statutory GHG emissions by revenue (tCO ₂ e/£m)	6.30	9.20

All energy usage in the calculations above were taken from meter readings using our online energy reporting tool, these readings were then converted in to tCO₂e using the UK Government GHG conversion factors for each year. For Scope 1 emissions, the Natural Gas fuel type was used, as our gas supply is received through the gas mains grid network in the UK. Scope 2 emissions were calculated using the Electricity Generated conversion factor as per the guidance for purchased electricity from the grid.

The reductions in Scope 2 emissions are due to a combination of capital investments made in upgrading our heating and lighting systems to make them more energy efficient, and the impact of lockdowns, where the majority of office staff have worked remotely for almost the entire year. These factors have made a significant impact on our electricity consumption and is reflected in the year-to-year comparisons, with significant reductions in usage despite turnover increasing by 32%. Because of the distortion effect from the move to remote working, as well as the nature of the business, the intensity ratio of sales revenue was chosen as it will reflect the growth in business performance.

During this year, the air conditioning and heating system replacement project will be completed, as will continued investment in control technologies to the prolong system component life, provide improved reporting and monitoring of energy usage throughout the site to help further reduce energy consumption within our systems.

Approved by the Board of Directors and signed on behalf of the Board on Jan 18, 2022

James Gooch

James Frederick Gooch
Director

LANDS' END EUROPE LIMITED

Directors' Report

The directors present their report and financial statements for the 52 weeks ended 29 January 2021. The comparative period is the 52 weeks ended 31 January 2020.

Results and dividends

Results for the period and the accumulated profit and loss account reserve surplus were as follows:

	2021 £'000	2020 £'000
Accumulated surplus at the beginning of the period	27,286	27,993
Profit/(loss) for the financial period	1,171	(707)
Accumulated surplus at the end of the period	<u>28,457</u>	<u>27,286</u>

The directors did not recommend payment of a dividend in the current period (2020: £nil).

Directors and their interests

The directors who served during the period and subsequently to the date of this report were as follows:

James Frederick Gooch

Peter Lloyd Gray

No directors held any beneficial interest in the shares of the Company during the period.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Going concern

Whilst the Company has a strong balance sheet with considerable net assets and no external borrowing it does, from time to time, rely on short-term funding to maintain a positive cash position via the management of the intercompany positions that it holds with both Lands' End GmbH and Lands' End Inc.

Having reviewed the performance of the business this year and the forecast results for at least the next 12 months, it is the opinion of the directors, that the business has adequate resources to continue in operational existence into the foreseeable future.

Before coming to this conclusion, due consideration has been given to the potential impact of current events and prevailing conditions on the forecast cashflows and operations of the business. Consideration has also been given to the requirement and availability of borrowing facilities to meet its obligations as they fall due. The principal risks and uncertainties as well as some potential opportunities have been provided in the Strategic Report.

Thus, the business has continued to adopt the going concern basis of accounting in preparing these annual financial statements.

Charitable and political contributions

During the period the Company made charitable donations of £8,448 (2020: £15,207).

Disabled employees

It is the Company's policy to give fair consideration to the employment needs of disabled persons and to comply with current legislation with regard to such persons. It is the policy of the Company, so far as is possible, to treat disabled persons in an identical way to other employees for training, career development and promotion.

LANDS' END EUROPE LIMITED

Directors' Report

Employee consultation

The Company places considerable value on the involvement of its employees. The Company has continued its practice of keeping employees informed, through regular briefing meetings, on matters affecting them and on the various factors affecting the performance of the Company.

Financial risk management objectives and policies

The Company uses various financial instruments which include intercompany balances, cash, trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the Company to financial risk. The main risks arising from the Company's financial instruments are liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks, which are summarised below.

Liquidity risk

The Company finances its operations through a mixture of retained profits and intercompany accounts. The Company seeks to manage liquidity risk by preparing cashflow forecasts to help ensure sufficient funds are available to meet foreseeable needs, and to invest cash assets safely in highly rated institutions.

Foreign currency risk

The Company is exposed to an element of translation foreign exchange risk by virtue of the fact that the majority of goods purchase for resale are denominated in US Dollars.

Strategic Report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the fair review of its business, future developments and its principal risks and uncertainties.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

S.172 Companies Act 2006 statement

In accordance with Section 172 of the Companies Act 2006, decisions taken by the Board are made after careful consideration, taking into account not just short term, but also medium and long-term consequences, trying to balance the sometimes-conflicting needs and priorities of the business and its stakeholders. These stakeholders include our customers, employees, suppliers, partners, the wider community, and the environment.

The Directors of Lands' End are continuously trying to improve how it engages with its employees. They believe that value creation is a by-product of developing and sustaining a motivated employee base, from which success can be supported and driven, and that the resultant culture and core values create an environment for engaged and successful employees. As a committed Equal Opportunity Employer, Lands' End ensures that all its employees and job applicants are given equal opportunities in all aspects of employment and training regardless of their gender, ethnic origin, disability, age, marital status, sexual orientation or any religious affiliation. This year has seen a continued focus on diversity and inclusion within the organisation, with the aim of creating an inspiring culture that is welcoming, safe and inclusive for all. This initiative has included the creation of employee driven Business Resource Groups, the establishment of a Diversity and Inclusion Council and additional group wide training and resources on diversity and inclusion. The Employee Services team support business managers to look after employee needs, Insight Representatives also form a valuable and regular mechanism by which management receive employee feedback in conjunction with the annual employee engagement survey that is designed to support one of the key business objectives of making Lands' End a 'Great Place to Work'.

LANDS' END EUROPE LIMITED

Directors' Report

S.172 Companies Act 2006 statement (continued)

In addition to building a highly engaged and highly skilled workforce, the success of the business is also considered to be dependent on our ability to successfully develop strong relationships with key partners, customers, and suppliers. Product performance is constantly monitored to evaluate customer acceptance, through a combination of direct customer feedback, received via both our online and offline "Voice of the Customer" feedback mechanisms, as well as through partner feedback to enable us to take appropriate actions to optimise the customer response in the current season as well as feeding the design input for future seasons.

The evaluation of both the product performance and our customer's response is managed through day-to-day trading practices as well as via the Monthly Operating Reviews that take place to review the key performance indicators set by the business with the intention being to learn, adapt and optimise future performance.

The directors place great value in the reputational values that the Company holds in dealing with all stakeholders, this is demonstrated through both the average long tenure of staff as well as the payment practices that the business employs with respect to its ensuring its suppliers are paid on time.

The directors are also aware of the responsibility that the business has to the broader community that it operates within, both at a local as well as global level, and strives to minimise as far as possible its environmental impact. Examples of this include supporting employees' interests in community activities, supporting local charities via the Lands' End Giving Scheme (LEGS) as well as providing clothing donations. We have continued to invest in new heating and lighting technology to optimise energy costs, as well as reducing the carbon footprint impact of the UK Distribution Centre and offices. Improving waste recycle rates trying to minimise landfill use and utilising recycled and sustainable materials for packaging of goods where possible. Lands' End is also continually reviewing how it can make its products more sustainable, through initiatives such as sourcing sustainable cotton, reducing water usage throughout the production process, making increasing use of recycled polyester fibres while all the time ensuring the quality if the final product is not compromised.

Approved by the Board and signed on its behalf on Jan 18, 2022

James Gooch

James Frederick Gooch
Director

LANDS' END EUROPE LIMITED

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 LANDS' END EUROPE LIMITED

Opinion

We have audited the financial statements of Lands' End Europe Limited (the 'Company') for the 52 week period ended 29 January 2021 which comprise the income statement, the statement of financial position, the statement 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 January 2021 and of its profit for the period 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 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 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

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

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.

Other information

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

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 themselves. 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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANDS' END EUROPE LIMITED

Matters on which we are required to report by exception

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 where the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANDS' END EUROPE LIMITED

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to GDPR. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, substantive testing to validate revenue recognition throughout the year and performance of revenue cut-off testing.

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

Use of our report

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

Neil Stephenson

Neil Stephenson (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A
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NG1 5FS
19 January 2022

LANDS' END EUROPE LIMITED

Income statement for the 52 week period ended 29 January 2021

	Notes	52 weeks ended 29 January 2021 £'000	52 weeks ended 31 January 2020 £'000
Turnover	4	89,641	67,670
Cost of sales		<u>(69,781)</u>	<u>(52,533)</u>
Gross profit		19,860	15,137
Other operating expenses	5	(18,777)	(15,855)
Other operating income	6	<u>302</u>	<u>-</u>
Operating profit/(loss)		1,385	(718)
Interest receivable and similar income	7	<u>8</u>	<u>11</u>
Profit/(loss) before taxation	8	1,393	(707)
Taxation	10	<u>(222)</u>	<u>-</u>
Profit/(loss) for the period		<u><u>1,171</u></u>	<u><u>(707)</u></u>

There were no gains or losses other than the profit/(loss) for either period; accordingly, no statement of comprehensive income is presented. Revenue and operating profit/(loss) are all derived from continuing operations.

The accompanying notes 1 to 19 are an integral part of these financial statements.

LANDS' END EUROPE LIMITED**Statement of financial position
At 29 January 2021**

	Notes	29 January 2021 £'000	31 January 2020 As restated £'000
Fixed assets			
Tangible assets	11	5,866	6,478
Current assets			
Stocks	12	23,006	23,527
Debtors	13	9,006	8,628
Cash at bank and in hand		13,088	7,398
		45,100	39,553
Creditors: amounts falling due within one year	14	(14,787)	(11,245)
Net current assets		30,313	28,308
Total assets less current liabilities		36,179	34,786
Provisions for liabilities	15	(222)	-
Net assets		35,957	34,786
Capital and reserves			
Called-up share capital	16	7,500	7,500
Profit and loss account	16	28,457	27,286
Total shareholders' funds		35,957	34,786

The financial statements of Lands' End Europe Limited were approved by the board of directors on January 13, 2022.

Signed on behalf of the board

James Gooch

James Frederick Gooch
Director

The accompanying notes 1 to 19 are an integral part of these financial statements.

LANDS' END EUROPE LIMITED

Statement of changes in equity for the 52 week period ended 29 January 2021

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 1 February 2019	7,500	27,993	35,493
Loss for the financial period	-	(707)	(707)
Total comprehensive income	-	(707)	(707)
At 31 January 2020	7,500	27,286	34,786
Profit for the financial period	-	1,171	1,171
Total comprehensive income	-	1,171	1,171
At 29 January 2021	7,500	28,457	35,957

The accompanying notes 1 to 19 are an integral part of these financial statements.

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

1. Accounting policies

General information and basis of accounting

Lands' End Europe Limited is a private company limited by shares and is registered and incorporated in England and Wales. The address of the registered office is given on page 1 of the annual report. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 5.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006, including the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The accounts have been prepared in pounds sterling. The functional currency of the Company is considered to be pounds sterling as the currency of the primary economic environment in which the Company operates.

Monetary amounts in these financial statements are rounded to the nearest £'000.

Reduced disclosures

Lands' End Europe Limited meets the definition of a qualifying entity under FRS 102 and section 400 of the Companies Act 2006 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements of Lands' End Inc., and copies of these may be obtained from the address disclosed in note 19. The Company has therefore taken advantage of exemptions from the following requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

Going concern

Whilst the Company has a strong balance sheet with considerable net assets and no external borrowing it does, from time to time, rely on short-term funding to maintain a positive cash position via the management of the intercompany positions that it holds with both Lands' End GmbH and Lands' End Inc.

Having reviewed the performance of the business this year and the forecast results for at least the next 12 months, it is the opinion of the directors, that the business has adequate resources to continue in operational existence into the foreseeable future. Before coming to this conclusion, due consideration has been given to the impact of current events and prevailing economic conditions on the forecast cashflows and operations of the business. Consideration has also been given to the requirement and availability of borrowing facilities to meet its obligations as they fall due.

The principal risks and uncertainties as well as some potential opportunities have been provided in the Strategic Report. Thus, the business has continued to adopt the going concern basis of accounting in preparing these annual financial statements.

The principal accounting policies of the Company, which have been applied consistently, are set out below.

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

1. Accounting policies (continued)

Turnover

Turnover comprises the value of sales (excluding Value Added Tax and trade discounts) of goods and services from continuing operations in the normal course of business. Turnover from the sale of goods is recognised at the point of delivery to the customer less an allowance for expected returns. Turnover from the provision of services is recognised in line with performance.

Deferred revenue

Deferred revenue comprises money received for goods which have been shipped to a customer but not yet been delivered to that customer. A calculation is made to determine the average shipping lag for goods delivered to customers in line with the appropriate average time taken for delivery. A liability is then recognised within short-term creditors to hold back revenue and the associated costs of sale are added back to the inventory valuation. Deferred revenue is held in the statement of financial position until the customer receives the goods, at which point the sale is then completed and the revenue and cost of sales are recognised.

Tangible fixed assets

Tangible fixed assets are shown at cost, net of accumulated depreciation. Freehold land is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income in profit or loss. Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets, on a straight-line basis, over their expected useful lives as follows:

• Buildings	30 years
• Plant and machinery	10 years
• Fixtures and fittings	10 years
• Motor vehicles	4 years
• Computer equipment	3 to 5 years

Assets in the course of construction are not depreciated until the date upon which they become active.

Impairment of tangible fixed assets

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is considered to be the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

1. Accounting policies (continued)

Foreign currency transactions

Transactions denominated in foreign currencies are recorded in pounds sterling using actual exchange rates ruling as of the date of each transaction. Monetary assets and liabilities, other than those transacted at fixed exchange rates, denominated in foreign currencies at the year end are revalued and reported using exchange rates prevailing at the date of the statement of financial position. Exchange gains or losses and exchange revaluation adjustments are recognised in profit or loss.

Leases

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the lease term.

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge for the period represents contributions payable by the Company to the fund.

Related party transactions

The Company is a wholly owned subsidiary of Lands' End International Inc. and has taken advantage of the exemption given in FRS 102 which allows non-disclosure of certain intercompany transactions on the basis that the results of the Company are included in the consolidated financial statements of the Company's ultimate parent company, Lands' End Inc., and that these consolidated financial statements are publicly available.

Stocks

Stocks are stated at the lower of cost or net realisable value. Stock cost includes the purchase cost and expenses incurred in bringing each product to its present location and condition including applicable duties and freight costs.

Net realisable value is based on estimated normal selling price, less any further costs expected to be incurred to sale completion. Where appropriate, provisions are made against slow moving or defective items.

Catalogue costs

Catalogue production and mailing costs are written off when catalogues are despatched. Catalogue costs in the process of production and those which have not been despatched are included within prepayments and accrued income and will be written off when those catalogues are despatched. The expected revenue stream from catalogues is approximately three months from the date the catalogues are mailed to customers.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, in which case the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets which have been measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

1. Accounting policies (continued)

Financial instruments (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment loss was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously have been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised (a) when the contractual rights to the cash flows from the assets expire or are settled; or (b) when substantially all of the risks and rewards of asset ownership are transferred to another party; or (c) when control of the asset has been transferred to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities

Basic financial liabilities, including trade creditors, amounts owed to group undertakings and short-term loans, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, in which case the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, which is when the contractual obligation has been discharged, cancelled or they expire.

The Company does not hold or issue derivative financial instruments.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Taxation

Current tax, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position.

Deferred tax is recognised in respect of all timing differences where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the date of the statement of financial position. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position that are expected to apply to the reversal of the timing difference.

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

1. Accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provisions

Stock obsolescence provisioning is a matter of judgement with provisions for specific stock lines being calculated based on previous experience of stock holding periods versus time to convert to revenue.

Depreciation

Depreciation where the assessment of the useful economic lives, residual values and the method of depreciating tangible fixed assets requires judgement.

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key source of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Returns provision

Provision is made for customer returns, with the provision level based on previous experience of return levels.

3. Prior year adjustment

The directors have reviewed the treatment of goods in transit and concluded an adjustment is required to better reflect the assets and liabilities of the company at the end of the period. This is due to the company bearing the risk and rewards of the goods in transit from suppliers and therefore needing to recognise the stock and corresponding liability. As such an adjustment was required to correct the prior year.

The restatement led to an increase in stock of £1,779,094, an increase in trade creditors of £1,672,487 and an increase in accruals of £106,607. There was no restatement of the profit and loss reserves brought forward in the prior year. In addition, a further reclassification adjustment has been processed between inter group creditors and trade payables for goods invoiced and delivered directly by external suppliers to the company, incorrectly shown as a liability to the US parent company. This resulted in a further increase to trade creditors of £1,948,159 with a corresponding decrease in amounts owed to other group undertakings.

	As previously reported £'000	At 31 January 2020 adjustment £'000	As restated £'000
Current assets			
Stocks	21,748	1,779	23,527
Creditors due within one year			
Trade creditors	(855)	(3,620)	(4,475)
Amounts owed to other group undertakings	(4,100)	1,948	(2,152)
Accruals and deferred income	(2,952)	(107)	(3,059)
Net assets	13,841	-	13,841

4. Segmental information

All turnover related to the continuing operations derived from the Company's principal activity and originated from its operations within the UK. The geographical analysis of turnover by destination is as follows:

	52 weeks ended 29 January 2021 £'000	52 weeks ended 31 January 2020 £'000
United Kingdom	48,059	32,984
Rest of the World	41,582	34,686
	89,641	67,670

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

5. Other operating expenses

	52 weeks ended 29 January 2021 £'000	52 weeks ended 31 January 2020 £'000
Selling, distribution and marketing costs	9,921	6,468
Administrative expenses	8,856	9,387
	<u>18,777</u>	<u>15,855</u>

6. Other operating income

Other operating income relates to monies received from Government grants in respect of the Coronavirus Job Retention Scheme.

7. Interest receivable and similar income

	52 weeks ended 29 January 2021 £'000	52 weeks ended 31 January 2020 £'000
Interest on bank deposits and advance payments	<u>8</u>	<u>11</u>

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

8. Profit/(loss) before taxation

	52 weeks ended 29 January 2021 £'000	52 weeks ended 31 January 2020 £'000
Profit/(loss) before taxation is stated after charging:		
Depreciation of tangible fixed assets (See note 11)	720	676
Rentals payable under operating leases:		
- Machinery and equipment	17	13
- Other	5	4
Exchange losses	1,269	343
Staff costs (see note 9)	9,596	8,061
Impairment of stock recognised as an expense	338	390
Trade name royalty payable to parent company	952	658

Auditor's remuneration

	52 weeks ended 29 January 2021 £'000	52 weeks ended 31 January 2020 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	41	36
Amounts receivable by the auditor and their associates in respect of:		
Other services relating to: Taxation advisory	4	9
Taxation compliance	7	7
Other advisory	-	21
Accounting services	5	5

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

9. Staff costs

Staff costs during the period (including the remuneration of executive directors) amounted to:

	52 weeks ended 29 January 2021 £'000	52 weeks ended 31 January 2020 £'000
Wages and salaries	8,835	7,332
Social security costs	491	530
Other pension costs	270	199
	<u>9,596</u>	<u>8,061</u>

The average monthly number of persons employed by the Company during the period was as follows:

	52 weeks ended 29 January 2021 No.	52 weeks ended 31 January 2020 No.
Distribution and sales	251	218
Administration and other	113	126
	<u>364</u>	<u>344</u>

Directors' remuneration

The remuneration of the one director paid by the Company was as follows:

	52 weeks ended 29 January 2021 £'000	52 weeks ended 31 January 2020 £'000
Remuneration received	-	138
Company pension contributions	-	1
Compensation for loss of office	-	90
	<u>-</u>	<u>229</u>

All remuneration paid to directors in the period ended 31 January 2020 related to a single director who has now left the business.

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to nil (2020 – 1).

The remaining directors of the Company are also directors of fellow group companies in the USA and are remunerated by those companies, as such it was not considered practical to apportion a recharge for their services as directors of the Company and of the fellow group companies.

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

10. Taxation

	52 weeks ended 29 January 2021 £'000	52 weeks ended 31 January 2020 £'000
Current tax		
Current tax on profits for the period	-	-
Adjustment in respect of prior periods	-	-
Total current tax	-	-
Deferred tax (see note 15)	222	-
Total tax charge	222	-

Factors affecting tax credit for the current period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained as follows:

	52 weeks ended 29 January 2021 £'000	52 weeks ended 31 January 2020 £'000
Current tax reconciliation		
Profit/(loss) before tax	1,393	(707)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK 19% (2020: 19%)	265	(134)
Effects of:		
Fixed assets – ineligible depreciation	52	54
Effect of changes in tax rates	-	8
Remeasurement of deferred tax for changes in tax rates	(10)	-
Deferred tax not recognised	(85)	72
Tax charge for the year	222	-

Factors affecting future tax charge

Following the March 2021 budget, legislation has been put in place for the main rate of corporation tax to remain at 19% from 1 April 2021 instead of reducing to 17%. The deferred tax balances within these financial statements have been calculated at 19% (2019: 17%).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Substantive enactment occurred on 24 May 2021 therefore its effects have not been included in these financial statements.

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

11. Tangible fixed assets

	Land and buildings £'000	Plant, machinery, fixtures, fittings and motor vehicles £'000	Computer equipment £'000	Assets in course of construction £'000	Total £'000
Cost					
At 31 January 2020	11,098	5,183	475	130	16,886
Additions	59	49	-	-	108
Transfers	-	15	101	(116)	-
At 29 January 2021	11,157	5,247	576	14	16,994
Accumulated depreciation					
At 31 January 2020	6,486	3,590	332	-	10,408
Charge for the year	431	192	97	-	720
At 29 January 2021	6,917	3,782	429	-	11,128
Net book value					
At 29 January 2021	4,240	1,465	147	14	5,866
At 31 January 2020	4,612	1,593	143	130	6,478

Depreciation has not been charged on freehold land, which is stated at its cost of £249,460 (2020: £249,460).

12. Stocks

	As at 29 January 2021 £'000	As at 31 January 2020 As restated £'000
Goods for resale	23,006	23,527

The directors consider that there is no material difference between the statement of financial position value and the replacement cost of stocks.

A stock provision of £1,421,016 (2020: £1,388,073) has been made at the year-end.

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

13. Debtors

	As at 29 January 2021 £'000	As at 31 January 2020 £'000
Amounts falling due within one year:		
Trade debtors	393	796
Amounts owed by other group undertakings	7,885	6,384
VAT refunds due	-	684
Other debtors	151	69
Prepayments and accrued income	577	695
	<u>9,006</u>	<u>8,628</u>

Amounts owed by other group undertakings primarily represent trading balances due from Lands' End GmbH.

14. Creditors: amounts falling due within one year

	As at 29 January 2021 £'000	As at 31 January 2020 As restated £'000
Trade creditors	6,090	4,475
Amounts owed to other group undertakings	3,663	2,152
Other taxation and social security	877	1,559
Accruals and deferred income	4,157	3,059
	<u>14,787</u>	<u>11,245</u>

Amounts owed to other group undertakings primarily represents trading balances due to Lands' End International Inc., the parent company.

15. Provisions for liabilities

Deferred tax liability relating to accelerated capital allowances, short-term timing differences and tax losses:

	2021 £'000	2020 £'000
Deferred taxation		
Origination and reversal of timing differences	222	-
Movement during period	222	-
Opening balance	-	-
Closing balance	<u>222</u>	<u>-</u>

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

15. Provisions for liabilities (continued)

The following deferred taxation assets/(liabilities) have been recognised:

	As at 29 January 2021 £'000	As at 31 January 2020 £'000
Accelerated capital allowances	(421)	(401)
Other timing differences	19	21
Recoverable losses and other deductions	180	380
	<u>(222)</u>	<u>-</u>

There is an unrecognised deferred tax asset of £nil (2020: £84,673).

16. Called-up share capital and reserves

	As at 29 January 2021 £'000	As at 31 January 2020 £'000
Allotted, called-up and fully paid:		
7,500,000 ordinary shares of £1 each	<u>7,500</u>	<u>7,500</u>

Called-up share capital represents the nominal value of shares issued.

The profit and loss account represents cumulative profits and losses, net of dividends paid and other adjustments.

17. Guarantees and other financial commitments

Pension arrangements

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £269,925 (2020: £199,023). Total pension contributions held in accruals at year end amounted to £48,249 (2020: £47,998).

Contingent liabilities

	As at 29 January 2021 £'000	As at 31 January 2020 £'000
Guarantee in favour of HM Revenue and Customs for deferred payments of Duties, levies and taxes	<u>700</u>	<u>700</u>

During the year Lands' End Inc successfully secured a new loan facility of \$275 million. A fixed and floating charge over the assets of the Company is held in respect of these facilities.

LANDS' END EUROPE LIMITED

Notes to the financial statements For the 52 weeks ended 29 January 2021

18. Commitments under operating leases

The Company has rental commitments under operating leases in respect of property and certain items of machinery and equipment.

Total future minimum lease payments under non-cancellable operating leases are as follows:

	As at 29 January 2021 £'000	As at 31 January 2020 £'000
Other		
- within one year	9	9
- between one and five years	4	6
- after five years	-	2
	<u>13</u>	<u>17</u>

19. Ultimate controlling party

The Company is a wholly owned subsidiary of the parent company, Lands' End International Inc., a company incorporated in the state of Delaware, USA. Lands' End International Inc. is a wholly owned subsidiary of Lands' End Inc., a company incorporated in the state of Delaware, USA which is a publicly traded company.

The largest and smallest company in which the results of the Company are consolidated is Lands' End Inc., whose principal place of business is at 1 Lands' End Lane, Dodgeville, WI 53595, USA. The financial statements of Lands' End Inc. and Lands' End International Inc. are available at 1 Lands' End Lane, Dodgeville, WI 53595, USA.

The directors consider that there is no ultimate controlling party.