Registered number 08733836

Liberty Zeta Limited

Annual Report and Financial Statements

for the 52 week period ended

28 January 2023

LIBERTY ZETA LIMITED

COMPANY INFORMATION

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LIBERTY ZETA LIMITED

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LIBERTY ZETA LIMITED

STRATEGIC REPORT
for the 52 week period ended 28 January 2023

Principal activities

Liberty Zeta Limited (the "Company") is the ultimate holding company of the Liberty Group of companies (the "Group"). Operating since 1875, Liberty's aim is to be recognised throughout the world as a British luxury brand with an authority in taste-making, design, omni-channel retail and makers of fine printed cottons and silk.

Strategy and objectives

Liberty Zeta Limited and its subsidiaries are split across three significant segments; Liberty Retail, Liberty Fabrics (including Liberty Fabric Limited, Liberty Japan Co. Limited and Stamperia Olonia SRL) and Liberty Brand. Each of the five businesses has its own business plan and the Board of Directors (the "Directors") manages adherence to these plans.

The strategy of the Group, led by the activities of the Directors, is to grow profitably in the three segments, as follows:

Liberty Retail is focused on profitable growth of the 140+ year old retail business, trading from its iconic tudor building on Great Marlborough Street, London (the "Flagship" store) and through its website, libertylondon.com which extends reach and distribution in the UK and internationally through unique product edit, customer experience and competitive service proposition.

The Liberty Fabrics strategy focuses on profitable growth through a dynamic, customised approach to its B2B customers in different global regions. This is driven by expansion of designs and design services, innovative base cloths and exceptional product quality and service. This strategy is supported by the activities of the Stamperia Olonia SRL division in the preparation and printing of fabrics for both external customers and for Liberty Fabrics using both traditional and advanced digital printing methods.

The Liberty Brand product strategy focuses on the development of a luxury goods brand active in multiple categories that will be distributed on a global scale through Liberty Retail and B2B channels.

Business review and future developments

The consolidated operating profit of the Group in the Income Statement for the 52 week period until 28 January 2023 (the "period") was £13,460,000 (2022: £2,937,000) and is set out on page 19 of the financial statements. The financial position of the Group, showing a net asset value of £101,689,000 (2022: £104,161,000) is set out in the Consolidated Statement of Financial Position on page 21 of the financial statements. The profit before taxation for the financial period amounted to £712,000 (2022: loss of £7,165,000).

The COVID-19 global pandemic has been adversely impacting the Group's performance since 2020, and whilst the company has been mitigating the impacts on its business during this time, it has been focussed on recovering its revenue and profit to pre-pandemic levels. Despite government restrictions relating to COVID-19 still being in force at the start of the financial period both in the UK and around the world, the Group achieved record revenues in the period, which were significantly ahead of the pre-COVID-19 year ending 1 February 2020. EBITDA in the period totalled £21,003,000 which is still behind the EBITDA achieved in the pre-COVID-19 year of £25,785,000. The EBITDA shortfall verses the pre-COVID-19 year was present across all business units.

Liberty Retail

As COVID-19 restrictions were removed in the spring of 2022, footfall in London improved and the Flagship store returned to trading more representative of pre-pandemic levels. The store continued to show resilience in the Christmas period as high levels of inflation and cost of living concerns were making news headlines.

All product categories performed well within the store. Liberty branded products outperformed third party brands, with strong performance seen in Accessories, Home and Beauty products.

The Liberty e-commerce business has continued to grow against a market where online retail has been challenged by the resurgence of physical stores. Improvements have been made to the efficiency of the e-commerce business operations with the focus on improving the EBITDA contribution from online sales.

It was another record year in terms of both units and revenue for the Liberty beauty advent calendar and the Beauty Drop subscription service expanded further with more active subscribers at the end of the period. Unique to the market, this initiative builds on the strength of Liberty's beauty business and benefits customers who subscribe to the programme with quarterly boxes of curated beauty products in return for a monthly spend commitment. The long-term benefit to the business will be seen in sales growth and retention of high value customers.

STRATEGIC REPORT
for the 52 week period ended 28 January 2023

Business review and future developments (continued)

Liberty Fabrics

The Liberty Fabrics business delivered another year of revenue growth in the period despite being faced with challenging market conditions. Production costs increased significantly due to the unprecedented rise in gas prices and it was necessary to introduce energy price surcharges to mitigate the impact on margins. Having targeted China as a key growth market, COVID-19 restrictions in China continued to restrict sales growth during the period. The fabrics business has continued to diversify its product range and achieve growth in new areas including Interiors and Crafting.

The Group acquired Frame Due Srl, 'Frame', in December 2022. Frame specialises in the manufacture of printing rollers and screens which are essential in the production of Liberty print fabrics. By further improving vertical integration in the fabrics supply chain will result in improved lead times, consistent quality in production, reduced operational risk and improved end to end gross margin.

Liberty Brand

The Group continues to focus on its own Liberty London brand and product development with a series of successful new product launches in the financial period in categories such as Accessories, Beauty, Jewellery and Homeware which included the launch of a new range of bedding made with Liberty Fabrics.

Key performance indicators

The Directors use a number of KPI's which they consider are effective in measuring delivery of the strategy, and which assist the Directors in management of the business. The KPI's relating to the business are shown below.

		52 week period ended 28 January 2023	52 week period ended 29 January 2022
Total revenue	£'000	**184,932**	149,601
EBITDA before non-recurring and one-off costs ("Management EBITDA")	£'000	**21,003**	11,153
Management EBITDA as a percentage of sales	%	**11.4%**	7.5%
Operating profit	£'000	**13,460**	2,937

The group generated "Management EBITDA" of £21,003,000 (2022: £11,153,000). The operating profit of the Group was £13,460,000 (2022: £2,937,000).

Management EBITDA

Management EBITDA is calculated by adding back and deducting non-recurring revenue and costs respectively from statutory EBITDA.

		52 week period ended 28 January 2023	52 week period ended 29 January 2022
Operating profit		**13,460**	2,937
Depreciation	Note 8	4,421	5,220
Amortisation	Note 7	2,690	2,218
Loss on disposal of fixed assets		239	-
IFRS 16 depreciation	Note 10	3,862	4,130
EBITDA		**24,672**	**14,505**
Exceptional costs		2,434	1,433
Exceptional income		(1,138)	-
IFRS 16 lease payments	Note 10	(4,920)	(5,090)
IFRS 2 - share based payments	Note 20	(45)	305
Management EBITDA		**21,003**	**11,153**

Non-recurring and material transactions outside the ordinary course of business are treated as exceptional items. This includes:

Recovery of VAT totalling £1,138,000 (2022: £nil). The balance has been treated as taxable income.

Restructuring costs of £722,000 were incurred in the period as a result of a review of the business structure (2022: £nil). The balance has been treated as a deductible expense.

Recognition of an incentive scheme relating to a historical period totalling £582,000 (2022: £nil). The balance has been treated as a deductible expense.

One off litigation provision of £203,000 relating to a licensing claim (2022: £nil). The balance has been treated as a deductible expense.

One off refurbishment costs in relation to the Flagship store £nil (2022: £888,000).

Impairment of goodwill totalling £nil (2022: £545,000).

Impairment of ROU assets totalling £927,000 (2022: £nil). The balance has been treated as a movement in deferred tax not recognised.

Principal risks and uncertainties

The Directors and the senior executive team identify and evaluate risks and uncertainties in the period covered by the Group Business Plan and design controls to mitigate these. Responsibility for management of each key risk is identified and delegated by the Directors to specific senior executives within each of the Group's operating businesses.

This section describes some of the specific risks that could materially affect the Group's businesses. The risks outlined below should be considered in connection with any financial and forward-looking information in the financial statements. These risks could materially affect the Group's business, its operating profits, earnings, net assets, liquidity and capital resources.

Economic, political, social and regulatory changes adversely affecting the Group's financial performance

The Group is exposed to the risks of global and regional adverse political, economic and financial market developments (including recession, inflation and currency fluctuations), that could lower the Group's revenues and operating results in the future.

The Group's results could also be adversely affected by events that reduce domestic or international travel, such as actual or threatened acts of terrorism or war, epidemics, travel-related accidents or industrial action, increased transportation and fuel costs and natural disasters.

The Group continue to monitor and assess the impact on the Group due to changes in economic, political, social and regulatory decision making. The Group considers whether any changes have an adverse impact and will address these with mitigating factors as seen fit.

Principal risks and uncertainties (continued)

Financial market volatility adversely affecting the Group's financial performance

The Group is sensitive to macroeconomic volatility and the resultant reduction in supply of credit and its significant increase in cost. In addition, liquidity risk affects the Group, in that this could result in it being unable to meet its financial obligations as they fall due. The Directors' approach to managing liquidity is to ensure, as far as possible, that the Group has sufficient liquidity to meet its liabilities, without incurring unacceptable losses or risking damage to the Group's reputation and business. The Group uses detailed divisional cash flow reporting to assist the Directors in monitoring cash flow requirements and optimising cash returns on investments across the whole Group. The Group entered into a Senior Financing arrangement with a six year term commencing on 31 January 2018 and in the year, this was extended further by one year.

Technology and systems disruption adversely affecting the Group's efficiency

To varying degrees, the Group is reliant upon information technologies and systems for the running of its businesses, particularly those which are highly integrated with business processes. Any disruption to those technologies or systems could adversely affect the efficiency of the business.

An Information Security Management System (ISMS) is in place to address the governance, risk and compliance of information security and information technology.

The Group is committed to having the correct systems and processes in place to support the Group's strategic objectives and is investing in systems and security to support this development. These improvements in information technologies and systems are being funded through operational cash flows.

Cyber security

The Group regularly conduct risk assessments, which includes evaluating the network infrastructure, data handling practices, and the effectiveness of existing security measures. The Group deploys robust security measures to protect sensitive data and mitigate cybersecurity risks. This includes firewalls, intrusion detection and prevention systems, secure access controls and regular software updates and patches. Network segmentation and strong password policies to further enhance security.

In addition, the Group also conducts regular training sessions with its employees to raise awareness about phishing attacks, social engineering, data handling protocols, and the importance of reporting security incidents promptly. Regular internal audits are carried out to assess the organisation's cybersecurity posture and vulnerability. The Group also partners with external cybersecurity and compliance experts to provide specialised guidance and stay updated on emerging threats and regulatory changes.

Loss of key management personnel

The Group is reliant on its team of executives. The future success of the Group depends on the ability of its existing management team, the identification and appointment of suitable additional executives when required, and on the Group's ability to motivate and retain staff with the requisite experience. The Group implemented a robust recruitment process to ensure the quality and quantity of hiring is sufficient and continue to engage with employees throughout their employment to ensure the group continue to retain key personnel.

Changes in fashion trends

The Group is dependent upon its ability to interpret and offer fashion products that customers wish to purchase. Failure to be successful in this area of activity, particularly noting the long lead times before product is available for sale, would cause an adverse impact on revenues and profitability.

Reliance on reputation of the Liberty brands

If an event occurred that materially damaged the reputation of any of the Group's core brands or there was a failure to sustain the appeal of the Group's brands to its customers, this could have an adverse impact on revenues and resultant shareholder value. The Group owns a worldwide portfolio of trademark registrations. The Liberty design archive is protected by UK copyright. Should the Group become aware of any trademark or copyright infringement, steps are taken to enforce the Group's legal right in relation to that infringement.

Principal risks and uncertainties (continued)

Pension scheme shortfalls

The Liberty Retail Limited Pension Scheme ("the Scheme"), which is a defined benefit pension scheme, is currently showing assets of £234,000 (2022: £3,657,000). If the value of the Scheme assets were to decline materially relative to its liabilities, the Scheme may show a higher deficit and the Group might be required to make additional contributions to cover this shortfall. This would have an adverse impact on cash flow available to the Group, with resultant adverse effects on the cash flow and net worth of the Group.

Management and Pension Scheme Trustees meet regularly and have made major changes to the investment strategy of the Scheme over recent years to respond to changes in the market and to underpin its financial performance. They also receive advice from external actuaries and investment advisers which assists in mitigating this risk through the Scheme's diversified investments and risk minimisation strategy.

Financial risk management objectives and policies

The Group uses various financial instruments and is also exposed to risk in respect of its holding of investments in subsidiary undertakings. Existence of these financial instruments exposes the Group to a number of financial risks which are described in more detail below.

The main risks to the Group arising from its financial instruments are market risk, credit risk, liquidity risk and investment impairment risk. Directors and management review and agree the approach to manage each of these.

Market risk

Market risk that affects the Group is the risk that changes in market prices, such as interest rates, foreign currency rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters, while seeking to optimise returns to shareholders. The Group does not enter into hedge contracts on a speculative or trading basis.

Credit risk

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the general default risk in the principal sectors in which the Group operates, has less of an influence on credit risk. The Group maintains credit insurance which protects against bad debts that may arise, with an excess of the higher of £2,000 or 10% payable per claim.

The Group deposits money with financial institutions and monitors the health and financial condition of those institutions.

Liquidity risk (incorporating interest rate risk)

The Group's treasury policies are designed to ensure that sufficient committed loan facilities are available to support current and future business requirements. Cash and loan management is a core feature of the Board's business model and rolling cash flow forecasts, updated on a weekly basis, are controlled by the Directors and senior executives to manage these requirements.

Investment impairment risk

The Directors understand the risks associated with the investments held by the entity and the fact that these risks relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the Group reviews the financial performance of its investments on a regular basis. The Directors are satisfied with the performance of the investments and foresee no change in this for the foreseeable future.

Principal risks and uncertainties (continued)

Capital management policy

The Group's objectives when managing capital are:

- to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders; and
- to ensure sufficient liquid resources are available to meet the funding requirement of its working capital cycles and to fund new projects where identified.

This is achieved through ensuring sufficient bank and other facilities are in place, alongside the continual monitoring of cashflow forecasts and other financial key performance indicators.

Foreign exchange fluctuations

The Group transacts a significant proportion of its sales and purchases in foreign currency. The Group mitigates the effect of adverse movements in exchange rates first by negotiating the functional currencies of large purchase contracts to match the currency of sales receipts, thereby creating a natural hedge. Consolidation of the Group's Japanese fabric business and Italian printing business in these Financial Statements includes the impact of the movement in the Sterling/Yen and Sterling/Euro exchange rates during the period and at the period end on the consolidated results and net asset value of the foreign operations. For further information on the financial risk management policy, please refer to note 18.

Changes in tax legislation materially changing the tax paid by the Group

The Group is exposed to risks from increases in tax rates and changes in the basis of taxation, including corporation tax and VAT. The engagement of experienced executives within the Group and by its parent undertaking to handle these matters enhances the protection to the Group in this area of its activities. The Group and its parent undertaking also maintain a regular monitoring of legislative proposals and undertakes detailed analysis and review with external (non-audit related) advisers to evaluate and, if possible, mitigate the impact of the changes.

Fluctuations in commodity prices

The Group is exposed to risks of increases in raw materials, such as cotton and silk. The price risk associated with these items could impact the profitability of the Group. The Group will attempt to safeguard against this by engaging with a number of different raw material providers across different countries.

The Group's risks related to energy are primarily concentrated to electricity and gas. The price risk associated with energy could impact the profitability of the Group due to production services being energy intensive. The Group will attempt to safeguard against this by engaging with suppliers to ensure any increase in production costs are minimised.

Section 172 statement

The Directors, in line with their duties under s172 of the Companies Act, act in good faith in promoting the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making long term decisions. Examples of such factors are as detailed below:

(a) the likely consequences of any decision in the long term,

(b) the interests of the company's employees,

(c) the need to foster the company's business relationships with suppliers, customers and others,

(d) the impact of the company's operations on the community and the environment,

(e) the desirability of the company maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly as between members of the company.

Section 172 statement (continued)

Material Stakeholders	What is Important to the stakeholder	Methods of Engagement	Consideration and Impact
Shareholders	• Profitability and business growth potential • Accurate and reliable business information	• Regular update meetings with directors and board members • Access to senior management outside of regular update meetings • Specific investor calls for non-board members	• Regular financial updates on business performance • Involvement in investment plans for future growth initiatives • Involvement in funding strategies
Employees	• Regular communication and engagement • Career development • Wellbeing and flexible working • Fostering a diverse and inclusive culture	• Surveys around relevant topics • Individual performance reviews and development plans • Engage with our workforce through the Liberty Forums and internal communications	• Employee remuneration was reviewed and amended to reflect cost of living pressures and to remain competitive • Continuation of the Equality Forum to allow for differing external speakers to talk about key equality aspects in modern society • Regular town halls with business updates
Customers	• Curated product selection and design that fits customer needs • Customer service and experience befitting a luxury brand	• Ensure customer expectations are continuously met through post contact surveys • Marketing highlighting new product or lifestyle ideas	• Expansion of beauty subscription loyalty program • Designed and developed new Liberty branded product categories
Suppliers	• Reliable and timely payment • Regular communication as to how their brand is performing and any actions we may have to take to mitigate poor performance • Importance to Liberty is that suppliers are meeting the ethical code that Liberty expects from all suppliers.	• Designated point of contact for all suppliers • Constant review of supplier base to ensure the brand is still relevant for Liberty • CSR team communicating with suppliers to ensure ethical code of conduct is met	• The buying team work with suppliers to develop and buy the relevant products for current customer trends • Review of non-inventory suppliers to ensure value is still obtained
Debt holders	• Future success of the business ensuring covenants and financial obligations are met • Accurate and reliable business information	• Debt holders are represented on the Board • Senior finance individuals host quarterly updates with debt holders	• Receive a monthly financial pack • Receive a more detailed quarterly update regarding historical and future performance • An amended and extended Senior Facility Agreement was signed in the period • The Directors are actively engaging key stakeholders to prepare for a full refinance of the Group's debt facilities

Section 172 statement (continued)

Pension Trustees	• Ensure the pension scheme is fairly treated by the Group • Regular updates on performance and strategy of the business • Move towards self-sufficiency for funding the scheme in the medium term	• Trustees' meetings take place every quarter attended by the CFO who is the company appointed trustee • Regular communication with the Trustees on specific issues	• Agreed a method and timeline for GMP equalisation • Monitored and assessed the funding position in line with medium term projections • Reviewed the hedging and investment strategy and approve trades to execute the strategy • Monitor the performance of the administrator of the scheme
Community and environment	• Responsible business practices • Environmental impact of our operations • Community partnerships	• Regular engagement with suppliers of Liberty product to ensure that they are meeting the ethical standards Liberty requires. • Selection and promotion of charity partners aligned to Liberty values	• Continued implementation of ethical trade program in relation to Liberty suppliers and further detailed mapping of the cotton supply chain. • Ongoing development of fabric bases with lower environmental impact

The outcome and actions explain the key involvement of the Directors in the period in respect to their section 172 obligations.

On behalf of the Board

Adil Mehboob-Khan
Director

23 June 2023

DIRECTORS' REPORT
for the 52 week period ended 28 January 2023

Directors

The Directors of the company who were in office during the period and up to the signing date of the financial statements, unless otherwise stated, were:

Marco Anatriello
Marco Capello
Emilio Di Spiezio Sardo
Abdul Wahab Saud Albabtain
Adil Mehboob-Khan
Massimo Saracchi
Robert Unsworth
Chi Chung Cheung
Carlo Pirzio-Biroli

Financial risk management and principal risks and uncertainties

Details of future developments, financial risk management, principal risks and uncertainties can be found in the Strategic Report on pages 1 to 8 and form part of this report by cross- reference.

Directors' indemnities

The Company maintains Directors' and Officers' qualifying third party indemnity insurance, which provides appropriate cover for any legal action brought against its Directors. Qualifying indemnity insurance was in force throughout the period and remains in force as at the date of signing the financial statements.

Results and dividend

The Group generated a profit before taxation of £712,000 (2022: loss of £7,165,000). The Directors do not recommend the payment of a dividend (2022: £nil).

Going Concern

The Directors confirm that having reviewed the Group and parent company cash requirements for a period of thirteen months from the date of signing these financial statements, they have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence and to meet their liabilities as and when they fall due.

Basis of Assessment

The Directors extended the period under review, beyond the minimum twelve months required by regulatory standards, to July 2024 to encompass the covenant test at the end of the financial quarter. This period is considered appropriate because:

- It aligns with the Group's approach to planning
- It is sufficient to cover all currently approved capital expenditure projects
- A period beyond this date is not concluded as being appropriate due to ongoing economic uncertainty

Going Concern (continued)

Debt Facilities

In assessing the viability of the Group, the Directors have considered the Group's current liquidity and available facilities (set out in note 17 of the financial statements).

In September 2022 the group entered into an amended finance agreement which included the following:

- Upon repayment of the final £10,000,000 tranche of the original £15,000,000 CLIBLS loan in July 2023 the group will have access to a new 6-month revolving credit facility, with a value of £5,000,000 for a period of 6 months.
- Lenders agreed for elements of future interest payment to be converted into debt.
- The Group also agreed an extension of existing facilities; the revolving credit facility termination date was extended from July 2023 to October 2024 and the Senior Debt termination date was extended from January 2024 to January 2025. The Group is subsequently well positioned to approach the market for a new debt facility in the second half of 2023.

The Directors are actively engaging key stakeholders to prepare for a full refinance of the Group's debt facilities; the refinance will not only include existing tranches of debt but may also encompass new facilities to fund future growth. The Group intends to finalise the funding requirements by the summer of 2023, with the intention to go to market in the second half of the financial year. The Group aims to sign a new senior facilities agreement by the end of April 2024. At the time of approving these financial statements, the Directors have confidence from prospective lenders that the timeline outlined above is achievable based on the current risk profile of the Group. Existing lenders have also indicated there is appetite to refinance.

Scenarios

The Group has successfully traded out of the COVID-19 pandemic. The Flagship store was the only channel impacted by COVID-19 with both E-Commerce and Liberty Fabrics growing revenues in this period. The Directors are now well positioned to consider growth initiatives and have assessed an initial 3-year plan which allows the Directors to make informed decisions regarding the current obligations the Group faces, whilst also considering other geopolitical and macroeconomic risks.

The more important risk factors that may affect the short-term plans for the group arise around the execution of the strategy and changing consumer behaviour, especially considering current inflation and rising interest rates.

Downside scenarios management consider severe, but plausible in nature were run over the time period between the balance sheet date and the period ending July 2024; these scenarios included a reduction in revenues, inflationary pressures on the cost base and increases to the UK interest rate commensurate with the interest terms that the Group expects to achieve upon its planned refinancing.

The Group's covenant requirements were tested against these downside scenarios and whilst there was sufficient headroom for each covenant requirement, if a combination of these downs side scenarios were to happen the Group has the option to call on a contracted £4,000,000 remaining shareholder commitment to ensure the headroom remains.

The Directors remain confident that actions within their control, such as the ability to reduce costs, capital expenditure and manage working capital, can be implemented to ensure the Group and parent company would be able to comply with its liquidity and leverage covenants.

Post Balance Sheet Event

Post year end in April and May, Stamperia Olonia Srl raised three short term loans, for an accumulated amount of €1,500,000, which were raised to support capital expenditure. All three tranches of debt totaling €500,000 each have a term of six months before repayment falls due. These new loans are not secured against any Group assets.

Employment (including disabled employees)

Employee engagement and development

We pride ourselves at Liberty with a culture of openness and transparency with colleagues and have developed a programme of communication from the Leadership Team. As part of these interactions, employees are made aware of the current state of the business and the future plans of the Group.

It is Group policy to keep employees informed of the strategy, activities and financial performance of the Group and to encourage them to take a wider interest in its affairs. This is achieved in a variety of ways, including electronic media, operational reporting, personal and Group briefing sessions, as well as consultation with employees or their representatives on a regular basis so that their views can be taken into account in making decisions likely to affect their interests. Communication is supplemented by a publication tool including "Yammer", an enterprise social network and the quarterly "Liberty Forum" led by the senior management team.

We manage the majority of our recruitment via an in house Talent Team who are heavily focused on attracting a range of candidates to ensure that we have a diverse and inclusive employee pool. We remain committed to the personal development of our employees and continue to review innovative ways to ensure that employees have personal development plans in place.

The Group is an equal opportunities employer and is committed to developing a working culture which enables all employees to make their own distinctive contribution. Employment policies are designed to be fair, equitable and consistent with the abilities of the employees and the needs of the Group. Applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of any member of staff becoming disabled, effort would be made to enable their employment with the Group. It is the policy of the Group that the training, development and promotion of disabled persons should, as far as possible, be the same as to that of other employees. The health and safety of employees is important to the Group and reviewed periodically in light of good practice and developing legislation.

Environmental responsibility and health and safety

The Group considers that corporate social responsibility and effective corporate governance are important components of its businesses. The Group is committed to fair treatment of all stakeholders in the business, and to responsible employment policies.

The Group's risk review assists the Directors in identifying and assessing risks that could affect the businesses of the Group. This in turn enables them to implement appropriate social, ethical and environmental policies in conjunction with the financial policies of the Group. The Group does not operate in areas of high environmental risk. One of its principal environmental impacts arises from energy consumption, with electricity now procured from renewable sources. The Group also seeks to reduce the impact of paper usage by recycling and by the increasing use of online transmissions and electronic data collection.

The Directors operate the business in pursuit of good environmental standards, including the following:

- Respecting the environment in which the Group operates, whilst maintaining commercial viability and long term profitability;
- Setting objectives and targets and monitoring performance to ensure adherence to Group policies;
- Raising the environmental awareness of employees and customers;
- Working in partnership with suppliers and contractors to ensure effective management of environmental and social impacts and to minimise any adverse impact of operations on the environment; and
- Complying with relevant legislation and related requirements.

Environmental responsibility and health and safety (continued)

The Directors adopt high levels of health and safety at work. Health and safety considerations are addressed as follows:

- Providing a good working environment for employees and treating employees with fairness, dignity and respect;
- Promoting a high standard of health and safety for staff and contractors;
- Operating an equal opportunities policy for all job applicants; and
- Complying with relevant legislation and related requirements.

The ultimate responsibility for health and safety issues within the Group rests with the Chief Executive Officer.

Environmental impact – energy consumption and greenhouse gas emissions

The table below sets out a summary of Liberty's UK energy usage, associated emissions, energy efficient actions and energy performance.

Utility and Scope	2022/23 consumption (KWh)	2022/23 consumption (tCO2e)	2021/22 consumption (KWh)	2021/22 consumption (tCO2e)
Gaseous and other fuels (scope 1)	94,924	17.29	109,902	20.14
Grid supplied electricity (scope 2)	2,554,927	488.53	2,806,252	589.76
Transport fuels energy consumption	10,006	2,338.35	2,746	0.66
TOTAL	2,659,857	2,844.17	2,918,900	610.56

Emissions intensity

Intensity Metric	2022/23 tCO2e/1000m2	2021/22 tCO2e/1000m2
Intensity metric - total floor area	187.44	40.24

LIBERTY ZETA LIMITED

DIRECTORS' REPORT
for the 52 week period ended 28 January 2023

Environmental responsibility and health and safety (continued)

The above data reflects consumption of sites where the company has the ability to influence energy management. Data is not reported where the company has limited or no ability to influence energy management (for example for concessions within the store). Scope 1 and 2 consumption, CO2e emission data and the Emission Factor Database used are considered with the 2022 UK government environmental reporting guidance, using the current published KWh gross calorific value (CV) and KgC02e relevant for the year under review.

We are committed to year on year improvements in our operational energy efficiency. Examples of efficiency measures undertaken during the period include a retrofit fit programme to the Tudor shopfloor lighting, replacing Metal Halide lamps for LED, 35 watts down to 9.6 watts. Each light fitting requires modification, this is carried out by the in-house maintenance team when a lamp fails, the energy use reduction is 72% per fitting. The energy saving is equal to the cost of the replacement lamp resulting in instant payback. This work is carried out across all floors with circa 1000 fittings modified to date.

Section 172 statement

All information in respect of our reporting requirements under S172 of the Companies Act is included in the Strategic Report.

Statement as to disclosure of information to auditor

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

Re-appointment of auditor

Ernst & Young LLP have expressed their willingness to continue in office.

On behalf of the Board

Adil Mehboob-Khan
Director
23 June 2023

DIRECTORS RESPONSIBILITIES STATEMENT
for the 52 week period ended 28 January 2023

Statement on Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK Adopted International Accounting Standards in conformity with the Companies Act 2006. Under company law the directors must not approve the group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, changes in accounting estimates and errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK Adopted International Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance;
- in respect of the group financial statements, state whether UK Adopted International Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether UK Adopted International 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 appropriate to presume that the company and / or the group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006 and with respect to the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBERTY ZETA LIMITED

Opinion

We have audited the financial statements of Liberty Zeta Limited ('the parent company') and its subsidiaries (the 'group') for the 52 week period ended 28 January 2023, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and parent company statements of financial position, consolidated and parent company statements of changes in equity, consolidated and parent company statements of cash flow and the related notes 1 to 24 to the financial statements including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 28 January 2023 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with UK Adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group and parent company's ability to continue as a going concern for a period of 13 months from when the financial statements are authorised for issue to 31 July 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 this gives rise to 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion

The extent to which our procedures are capable of detecting irregularities, including fraud is explained below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company and determined that the most significant are those that relate to the reporting framework (UK Adopted International Accounting Standards; United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006), the relevant direct and indirect tax compliance regulation in the United Kingdom, employment laws in the relevant jurisdictions and reporting obligations in the UK including the Modern Slavery Act. In addition, the group has to comply with laws and regulations relating to its operations, including health and safety, data protection and anti-bribery and corruption.

- We understood how the Group and Parent Company comply with those frameworks by making enquiries of management and those charged with governance to understand how the group maintains its policies and procedures in these areas and corroborated this by reviewing supporting documentation such as the Code of Conduct

- We obtained the Fraud and Corruption Perceptions Index rating for all in-scope international components noting that no components were in higher risk locations.

  The audit engagement partner reviewed the deliverables of all in scope component teams and was involved in discussions with the component team engagement partners. The audit engagement partner physically visited one of the component teams in Japan and met the component team engagement partner and local management, and physically attended the closing meeting. Other appropriately senior staff performed the same for the other component team in Italy.

  We considered smaller components where higher risk may be present and performed specific procedures to mitigate exposure to such risk.

- We communicated our identified fraud risk to all component teams and our expected approach to auditing fraud risks, we evaluated the sufficiency of the component teams procedures

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk

- We incorporated data analytics into our testing of revenue and manual journals. We performed procedures to address the fraud risk, including testing manual journals which were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error. We tested specific transactions back to source documentation or independent confirmations as appropriate.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reviewing minutes from the Board of Directors, enquiries of management, engaging our forensics specialists and journal entry testing, with a focus on manual journals and journals indicating significant unusual transactions identified by specific risk criteria based on our understanding of the business.

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

Use of our report

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

Ernst & Young LLP

Zishan Nurmohamed (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

23 JUNE 2023

LIBERTY ZETA LIMITED

CONSOLIDATED INCOME STATEMENT
for the 52 week period ended 28 January 2023

	Note	**52 week period ended 28 January 2023**	52 week period ended 29 January 2022
		£'000	£'000
Revenue	2	**184,932**	149,601
Cost of sales		**(78,357)**	(66,088)
Gross profit		**106,575**	83,513
Selling and distribution costs		**(77,636)**	(68,941)
Administrative expenses		**(14,183)**	(10,202)
Exceptional income		**1,138**	-
Exceptional costs	3	**(2,434)**	(1,433)
Operating profit	3	**13,460**	2,937
Finance income	5	**91**	964
Finance expenses	5	**(12,839)**	(11,066)
Profit/(loss) before tax		**712**	(7,165)
Taxation	6	**(546)**	(1,147)
Profit/(loss) for the financial period		**166**	(8,312)

All results relate to continuing operations. The notes on pages 27 to 64 form part of these financial statements.

LIBERTY ZETA LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 52 week period ended 28 January 2023

	Note	**52 week period ended 28 January 2023 £'000**	52 week period ended 29 January 2022 £'000
Profit/(loss) for the period		**166**	(8,312)
Other comprehensive (expense)/income:			
Items that may be reclassified to the income statement			
Foreign exchange translation differences for foreign operations		**688**	(1,497)
Items that will not be reclassified to the income statement			
Actuarial (loss)/gain on defined benefit pension plans	11	**(3,934)**	1,169
Deferred tax credit/(charge) on defined benefit pension scheme	6	**761**	(211)
Total other comprehensive expense for the period		**(2,319)**	(8,851)

The notes on pages 27 to 64 form part of these financial statements.

LIBERTY ZETA LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 28 January 2023

	Note	28 January 2023 £'000	29 January 2022 £'000
Assets			
Non-current assets			
Intangible assets	7	**159,199**	159,570
Property, plant and equipment	8	**25,373**	26,447
Right of use assets	10	**50,666**	54,738
Deferred tax asset	15	**24,071**	21,583
Employee defined benefit asset	11	**234**	3,657
		259,543	265,995
Current assets			
Inventories	12	**43,952**	35,252
Trade and other receivables	13	**22,630**	14,621
Tax recoverable	14	**936**	-
Cash and cash equivalents		**14,410**	22,240
		81,928	72,113
Total assets		**341,471**	338,108
Equity and liabilities			
Equity			
Share capital	21	**956**	956
Share premium	21	**106,605**	106,605
Capital redemption reserve		**104**	104
Share based payment reserve		**392**	545
Translation reserve		**(34)**	(722)
Retained earnings		**(6,334)**	(3,327)
Total Equity		**101,689**	104,161
Non-current liabilities			
Loans and borrowings	17	**83,617**	92,301
Lease liabilities	10	**56,921**	58,182
Provisions	19	**191**	188
Share based payment liability	20	**386**	279
Employee benefit liabilities	11	**658**	657
Deferred tax liability	15	**30,208**	29,543
		171,981	181,150
Current liabilities			
Trade and other payables	16	**46,740**	41,423
Provisions	19	**1,421**	-
Loans and borrowings	17	**17,346**	8,723
Tax payable	14	**202**	364
Lease liabilities	10	**2,092**	2,287
		67,801	52,797
Total liabilities		**239,782**	233,947
Total equity and liabilities		**341,471**	338,108

The financial statements on pages 19 to 64 were approved by the Board of Directors on 23 June 2023 and signed on its behalf by:

Aull

Adil Mehboob-Khan
Director

LIBERTY ZETA LIMITED

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
as at 28 January 2023

	Note	28 January 2023 £'000	29 January 2022 £'000
Fixed assets			
Investment in subsidiary undertakings	9	**102,010**	101,860
Current assets			
Trade and other receivables	13	**7,383**	7,528
Creditors: amounts falling due within one year			
Trade and other payables	16	**3**	2
Net current assets		**7,380**	7,526
Total assets less current liabilities		**109,390**	109,386
Creditors: amounts falling due after more than one year			
Cash settled share based payment liability	20	**386**	279
Net Assets		**109,004**	109,107
Equity			
Share capital	21	**956**	956
Share premium	21	**106,605**	106,605
Retained earnings		**947**	897
Share based payment reserve		**392**	545
Capital redemption reserve		**104**	104
Total Equity		**109,004**	109,107

The notes on pages 27 to 64 form part of these financial statements.

The financial statements were approved by the Board of Directors on 23 June 2023 and signed on its behalf by:

Adil Mehboob-Khan
Director

LIBERTY ZETA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 28 January 2023

	Share capital £'000	Share premium £'000	Capital Redemption Reserve £'000	Share Based Payment Reserve £'000	Translation reserve £'000	Retained earnings £'000	Total Equity £'000
Balance at 30 January 2021	**932**	**100,629**	**104**	**333**	**775**	**4,027**	**106,800**
Loss for the financial period	-	-	-	-	-	(8,312)	(8,312)
Other comprehensive income	-	-	-	-	(1,497)	958	(539)
Total comprehensive expense	-	-	-	-	(1,497)	(7,354)	(8,851)
Share based payment	-	-	-	212	-	-	212
Issue of preference shares	24	5,976	-	-	-	-	6,000
Balance at 29 January 2022	**956**	**106,605**	**104**	**545**	**(722)**	**(3,327)**	**104,161**
Profit for the financial period	-	-	-	-	-	166	166
Other comprehensive income	-	-	-	-	688	(3,173)	(2,485)
Total comprehensive income/(expense)	-	-	-	-	688	(3,007)	(2,319)
Share based payment	-	-	-	(153)	-	-	(153)
Balance at 28 January 2023	**956**	**106,605**	**104**	**392**	**(34)**	**(6,334)**	**101,689**

The notes on pages 27 to 64 form part of these financial statements.

LIBERTY ZETA LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
for the 52 week period ended 28 January 2023

	Share capital	Share premium	Capital redemption reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 January 2021	**932**	**100,629**	**104**	**333**	**829**	**102,827**
Profit for the financial period	-	-	-	-	68	**68**
Issue of preference shares	24	5,976	-	-	-	**6,000**
Share Based Payment	-	-	-	212	-	**212**
Balance at 29 January 2022	**956**	**106,605**	**104**	**545**	**897**	**109,107**
Profit for the financial period	-	-	-	-	50	**50**
Issue of preference shares	-	-	-	-	-	-
Share Based Payment	-	-	-	(153)	-	**(153)**
Balance at 28 January 2023	**956**	**106,605**	**104**	**392**	**947**	**109,004**

The capital reserve was created on the expiry of an option Liberty Zeta held with three subsidiary companies to buy back its own share capital.

LIBERTY ZETA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
for the 52 week period ended 28 January 2023

	Notes	52 week period ended 28 January 2023	52 week period ended 29 January 2022
		£'000	£'000
Profit/(loss) for the financial period		**166**	(8,312)
Taxation	6	**546**	1,147
Profit/(loss) before taxation		**712**	(7,165)
Adjustments to reconcile profit/(loss) for the period to net cash flows			
Amortisation of intangible assets	7	**2,690**	2,218
Finance expenses	5	**12,839**	11,066
Exceptional cost - goodwill impairment	3	**-**	545
Other exceptional costs	3	**2,434**	888
Exceptional income	3	**(1,138)**	-
Share based payment charge	20	**(45)**	305
Finance income	5	**(91)**	(964)
Depreciation of property, plant and equipment	8	**4,421**	5,220
Loss on disposal of assets		**279**	-
Depreciation of right of use assets	10	**3,862**	4,130
Cash flows (used in)/from operating activities			
Change in inventories		**(8,700)**	(6,870)
Change in trade and other receivables		**(8,009)**	5,156
Change in trade and other payables		**7,160**	5,493
Tax paid		**(1,540)**	(653)
Payment of exceptional costs		**(1,507)**	(888)
Receipt of exceptional income		**1,138**	-
Defined benefit pension scheme contributions	11	**(1,038)**	(18)
Net cash generated from operating activities		**13,467**	18,463
Cash flows (used in)/from investing activities			
Interest received	5	**1**	2
Acquisition of subsidiary, net of cash acquired	9	**(225)**	-
Purchase of property, plant and equipment	8	**(3,258)**	(7,978)
Purchase of intangible assets	7	**(2,117)**	(733)
Net cash used investing activities		**(5,599)**	(8,709)
Cash flows (used in)/from financing activities			
Interest paid		**(9,044)**	(4,346)
Proceeds from the issue of preference share capital	21	**-**	6,000
Proceeds from the drawdown of borrowings		**2,808**	7,188
Repayment of borrowings		**(2,669)**	(869)
Debt finance costs		**(126)**	(136)
Payment of lease liabilities	10	**(4,920)**	(5,090)
Payment of finance lease liabilities		**(542)**	(617)
Net cash flows (used in)/from financing activities		**(14,493)**	2,130
Opening cash and cash equivalents		**22,240**	12,578
Net decrease in cash and cash equivalents		**(6,625)**	11,884
Effect of exchange rate fluctuations on cash held		**(1,205)**	(2,222)
Closing cash and cash equivalents		**14,410**	22,240

The notes on pages 27 to 64 form part of these financial statements.

LIBERTY ZETA LIMITED

PARENT COMPANY STATEMENT OF CASH FLOWS
for the 52 week period ended 28 January 2023

	52 week period ended 28 January 2023	52 week period ended 29 January 2022
	£'000	£'000
Profit for the financial period	**50**	68
Adjustments to reconcile profit for the period to net cash flows		
Share based payment	**(195)**	(188)
Net cash used in operating activities		
Change in trade and other receivables	**145**	(2,016)
Change in trade and other payables	**-**	(3,864)
Net cash used in operating activities	**-**	(6,000)
Cash flows from financing activities		
Proceeds from the issue of preference share capital	**-**	6,000
Net cash flows from financing activities	**-**	6,000
Opening cash and cash equivalents	**-**	-
Net increase in cash and cash equivalents	**-**	-
Closing cash and cash equivalents	**-**	-

The notes on pages 27 to 64 form part of these financial statements.

LIBERTY ZETA LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the 52 week period ended 28 January 2023

1. ACCOUNTING POLICIES

The consolidated financial statements and parent company financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. Liberty Zeta Limited is the largest and smallest undertaking for which consolidated Group financial statements are prepared.

The Parent Company financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 "Reduced disclosure framework" ("FRS 101"). FRS 101 enables the financial statements of the Parent Company to be prepared in accordance with IFRS but with certain disclosure exemptions. The main areas of reduced disclosure are in respect of share-based payments, financial instruments, the cash flow statement, and related party transactions with Group companies. The accounting policies adopted for the Parent Company, are otherwise consistent with those used for the Group. As permitted by Section 408 of the Companies Act 2006, the Income Statement of the Company is not presented as part of the financial statements.

The following accounting policies have been applied consistently in dealing with items that are considered material to the financial statements.

Basis of preparation

The Group financial statements consolidate those of the Company and it's subsidiaries. The parent company financial statements present information about the Company as a separate entity and do not include information pertaining to the rest of the Group. Liberty Zeta Limited is the only level at which the Group consolidates its results. Liberty Zeta Limited is a limited company, incorporated and domiciled in the UK.

These consolidated financial statements are presented in UK Sterling, which is the Company's functional currency. All financial information has been rounded to the nearest thousand pounds or as indicated throughout.

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention modified by revaluation of financial assets and liabilities held at fair value through profit and loss. The accounting policies set out below have, unless otherwise stated, been applied consistently. The Directors have the power to amend the financial statements after they have been issued if required.

(a) Statement of Compliance

These financial statements have been prepared and approved by the directors in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements. The Company's profit for the year was £50,000 (2022: £119,000).

Going concern

The Directors confirm that having reviewed the Group and parent company cash requirements for a period of thirteen months from the date of signing these financial statements, they have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence and to meet their liabilities as and when they fall due.

Basis of Assessment

The Directors extended the period under review, beyond the minimum twelve months required by regulatory standards, to July 2024 to encompass the covenant test at the end of the financial quarter. This period is considered appropriate because:

- It aligns with the Group's approach to planning
- It is sufficient to cover all currently approved capital expenditure projects
- A period beyond this date is not concluded as being appropriate due to ongoing economic uncertainty

1. ACCOUNTING POLICIES (continued)

Going concern (continued)

Debt Facilities

In assessing the viability of the Group, the Directors have considered the Group's current liquidity and available facilities (set out in note 17 of the financial statements).

In September 2022 the group entered into an amended finance agreement which included the following:

- Upon repayment of the final £10,000,000 tranche of the original £15,000,000 CLIBLS loan in July 2023 the group will have access to a new 6-month revolving credit facility, with a value of £5,000,000 for a period of 6 months.

- Lenders agreed for elements of future interest payment to be converted into debt.

- The Group also agreed an extension of existing facilities: the revolving credit facility termination date was extended from July 2023 to October 2024 and the Senior Debt termination date was extended from January 2024 to January 2025. The Group is subsequently well positioned to approach the market for a new debt facility in the second half of 2023.

The Directors are actively engaging key stakeholders to prepare for a full refinance of the Group's debt facilities; the refinance will not only include existing tranches of debt but may also encompass new facilities to fund future growth. The Group intends to finalise the funding requirements by the summer of 2023, with the intention to go to market in the second half of the financial year. The Group aims to sign a new senior facilities agreement by the end of April 2024. At the time of approving these financial statements, Directors have confidence from prospective lenders that the timeline outlined above is achievable based on the current risk profile of the Group.

Scenarios

The Group has successfully traded out of the COVID-19 pandemic. The Flagship store was the only channel impacted by COVID-19 with both E-Commerce and Liberty Fabrics growing revenues in this period. The Directors are now well positioned to consider growth initiatives and have assessed an initial 3-year plan which allows the Directors to make informed decisions regarding the current obligations the Group faces, whilst also considering other geopolitical and macroeconomic risks.

The more important risk factors that may affect the short-term plans for the group arise around the execution of the strategy and changing consumer behaviour, especially considering current inflation and rising interest rates.

Downside scenarios management consider severe, but plausible in nature were run over the time period between the balance sheet date and the period ending July 2024; these scenarios included a reduction in revenues, inflationary pressures on the cost base and increases to the UK interest rate commensurate with the interest terms that the Group expects to achieve upon its planned refinancing.

The Group's covenant requirements were tested against these downside scenarios and whilst there was sufficient headroom for each covenant requirement, if a combination of these downs side scenarios were to happen the Group has the option to call on a contracted £4,000,000 remaining shareholder commitment to ensure the headroom remains.

The Directors remain confident that actions within their control, such as the ability to reduce costs, capital expenditure and manage working capital, can be implemented to ensure the Group and parent company would be able to comply with its liquidity and leverage covenants.

1. ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures

The Group has applied the following interpretations for the first time in these financial statements:

- Reference to Conceptual Framework - amendments to IFRS 3
- Property, Plant and Equipment - Proceeds before intended use - amendments to IAS 16
- Onerous Contracts - Cost of fulfilling a contract - Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020

The application of these new interpretations and amendments did not have a material impact on the financial statements.

Certain new accounting standards and interpretations have been published that are not yet effective and have not been adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Dilution gains and losses on increases in minority interests, where no change of control results, are recognised directly in equity. Where necessary, accounting policies of subsidiaries are changed on acquisition to align them with the policies adopted by the Group. Intra-Group balances and transactions and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

Where necessary, adjustments are made to the information included in the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group, in order to reflect that information on a consistent basis with the rest of the Group. Subsidiaries are entities controlled by the Group. Control is achieved when the Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee.

Use of estimates and judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Judgements:

- Carrying value of goodwill - an area of judgement is the number of CGUs. The CGUs have not been changed from the previous financial year; being the Retail Business, the Wholesale Business (Liberty Fabrics and Liberty Brand) and Christy's; with each of these units continuing to operate using separate key platforms. Further information has been provided in Note 7.
- Alternative performance measures (APMs) - Management exercise judgement in determining the adjustments to apply to IFRS measurement in order to derive suitable APMs. APMs are used as Management believe these measures provide additional useful information on the trends, performance and position of the group. APM's used by Management have been disclosed in the strategic report.
- Beauty subscription - Management exercise judgement in determining the amount of revenue recognised in relation to the Group's Beauty subscription program. Further information has been provided within the revenue accounting policy in Note 1.
- Useful economic life of the Brand and Design Archives - Management consider the life of these intangible assets to be indefinite. Further information has been provided in Note 7.
- Exceptional items – are those items that the Group considers to be material in nature and out of the normal course of business that should be brought to the reader's attention in understanding the Group's financial performance. Exceptional items arising in the period have been disclosed in Note 3.

1. ACCOUNTING POLICIES (continued)

Use of estimates and judgements (continued)

Estimates:

- Defined Benefit Obligations - Within the defined benefit obligation, there are estimates used in relation to inflation rates, life expectancy and asset volatility. A change in these assumptions and estimates would result in a change to the obligation. Actuarial experts have been used to determine the estimates and these are reviewed at the balance sheet date. Further information has been provided in Note 11.

- Impairment - the assumptions used to assess value in use for impairment testing of the Group's assets, i.e. growth rate, discount rate and sales and margin assumptions. Further information has been provided in Note 7;

- Inventory - the assumptions used to assess the net realisable value of inventory i.e. assessment by season and obsolescence. Estimates are based on historical trends and post year end trading performance. Further information has been provided in Note 12;

- Leases - the assumptions in applying discount rates and in assessing options to extend and break clauses to cashflows in order to calculate the right of use asset and lease liability. The discount rate is based on the incremental borrowing rate. A change in discount rate or options would result in a change in the asset and liability recorded within the financial statements. Further information has been provided in Note 10;

- Taxation - Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has £6,137,000 (2022: £7,960,000) which comprises of the origination and reversal of timing differences, adjustments in respect of prior periods and the effect of tax rate changes. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by £3,107,000 (2022: £3,073,000) Further information has been provided in Note 6.

- Share based payment - Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a Monte-Carlo simulation to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a Monte-Carlo simulation. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20.

- Development costs - The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. This amount includes significant investment in the development of IT systems and Design Archive, disclosed in Note 7.

1. ACCOUNTING POLICIES (continued)

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rate ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on transactions are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value is determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at the foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated at an average rate for the period where this rate approximates the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations and non-monetary assets/liabilities are taken directly to the translation reserve.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

1. ACCOUNTING POLICIES (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include trade and other receivables.

Financial assets at fair value through profit and loss

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Financial assets are classified as held for trading if they are acquired for sale in the short term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified as below:

- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1. ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Non-derivative financial instruments comprise: trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade receivables are initially recognised at fair value and measured for expected credit losses. A provision for impairment of trade receivables is also established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The movement in the provision is recognised in the income statement. Trade payables, defined as financial liabilities in accordance with IFRS 9, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. All of the trade payables are non-interest bearing.

Subsidiary companies

The subsidiary undertakings of the Company are all engaged in retail activities, fabric printing, wholesale distribution or licensing activities, or act as intermediary holding, financing or management companies for such operations. Details of the Company's subsidiary undertakings are set out in Note 9.

Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

Goodwill is measured at cost less impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

Intangible Assets

The Group classifies intangible assets into the following categories: Brands, Design Archive, Customer Relationships and Concession Agreements.

Brands

In accordance with IFRS 3, brands acquired by the Group are initially included in the financial statements at their fair value. An annual impairment assessment of the useful life of the brands is performed at the end of each financial period. Where this reveals a surplus, the value of the brand is retained, where it reveals a deficit, the brand is written down and the deficit is charged to the income statement. Subsequent expenditure on the brand is recognised in the income statement when incurred.

The Directors consider that the Group's brand has an indefinite useful life due to the durability of its underlying businesses which has been demonstrated for over 100 years.

Design Archive - acquired

The intangible design archive acquired by Liberty Zeta upon acquisition consists of intellectual property which has been used to inspire new designs and leverage the Liberty brand. The acquired Design Archive has been considered to have an indefinite useful life as the Group continues to use and leverage the fabric designs to generate sales and profits. This is tested for impairment annually in line with IFRS.

1. ACCOUNTING POLICIES (continued)

Intangible Assets (continued)

Design Archive - internally generated

The Group adds to its digital design archive each period with new seasonal, capsule and bespoke collections created by the in house design team or purchased from independent artists. The costs associated with these new designs, being salaries and other directly attributable development costs are capitalised in line with the internally generated intangible asset policy detailed below:

Research costs are expensed as incurred.

Development expenditure on an individual project is recognised as an intangible asset when the company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use
- it will generate future economic benefits
- the availability of resources to complete the asset and;
- the ability to measure reliably the expenditure during development

Following the initial recognition of the development expenditure, intangible assets are stated at cost. The internally generated Design Archive has been considered to have an indefinite useful life as the Group continues to use and leverage the fabric designs to generate sales and profits. This is tested for impairment annually in line with IFRS.

Assets under construction are not amortised.

Customer Relationships

The Group has identifiable customer relationships within the Fabrics division. These relationships have an identifiable income stream generated from the customer and a continued expectation that the relationship will be renewed. These customer relationships are ongoing and are considered to have a useful life of 11 years.

Concession Agreements

The Group has a number of contractual agreements in place with concession providers in the Retail Flagship store. These contractual relationships typically last for one year but many have been in place for a number of years after renewals. The concession agreements are considered to have a useful life of 8 years.

Computer Software

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged so as to write off the cost of computer software using the straight line method over the estimated useful life of five years.

Assets under construction are not amortised until they are placed into service.

Impairment

In accordance with IAS 36 the carrying amounts of the Group's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have an indefinite useful life, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash generating unit is the higher of its value in use and its fair value, less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the cash generating unit).

1. ACCOUNTING POLICIES (continued)

Impairment (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit/Group of units exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any intangible asset allocated to the unit and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

Impairment losses, on assets other than goodwill, recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost of property, plant and equipment, less residual amounts, using the straight line method, over their following estimated useful lives:

Plant and machinery	3 to 15 years
Fixtures and Fittings	5 to 10 years
Computer Equipment	3 to 5 years
Leasehold improvements	33 years

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Assets under construction are not depreciated until they are placed into service.

Tangible Design Archive and Heritage Assets

The Group's tangible design archive consists of artwork, printers' impressions, pattern books and fabric swatch books. The design archive is deemed to have an indefinite useful life and the Group continues to use the archive to inspire fabric designs, which generate sales and profit. The Group's heritage assets are tangible assets with historical and artistic qualities and consist of silverware, paintings and furniture. These are deemed to have an indefinite useful life.

Employee benefits

Defined contribution plans

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

1. ACCOUNTING POLICIES (continued)

Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the income statement.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in the income statement when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. Bank overdrafts are shown within borrowings in current liabilities.

Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1. ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the standard cost principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

Revenue

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of staff discounts and is stated net of value added tax and other sales-related taxes. Revenue from the sale of goods is recognised when a customer obtains control of a good and thus has the ability to direct the use and obtain the benefits from the good.

Liberty Retail revenue on Flagship store sales of goods and commission on concession sales are recognised when goods are sold to the customer. Liberty Retail e-commerce and Liberty Fabric Limited sales are recognised when there is a transfer of control of goods at a point in time.

Breakage revenue from gift vouchers and gift coins sold by the Group is recognised based on historic redemption rates and subsequently on redemption of the gift voucher or gift coin.

Customer incentives are recognised as a performance obligation as they arise and are deducted from revenue in the period in which they are accrued.

It is the Group's policy to sell its retail products to the end customer with a right of return. Accumulated experience is used to consider the need for a provision for such returns on an annual basis.

The Group has concluded that it is the principal in its revenue arrangements excluding commissions earned from concessions sales as it controls the services and is responsible for risk associated with the service before transfer to the customer.

The Group also recognises revenue from a contract to provide services, which for the Group comprises of a subscription service, which is recognised over the period that the subscription relates to in accordance with the stage of completion of the contract. The Group offer monthly subscriptions, which are all deferred upon receipt of subscription payment. Revenue is recognised when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- The stage of completion of the contract at the end of the financial year can be measured reliably;
- The costs incurred and the costs to complete the contract can be measured reliably.

Revenue is not recognised in excess of the total subscription consideration received.

Expenses

Cost of sales

Cost of sales comprises the cost of goods sold, together with the direct costs incurred in managing and operating the Group's operating activities.

Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the Group's ordinary activities. These items are material by size and occurrence.

Finance income and expenses

Financing expenses comprise interest expense, the amortisation of deferred financing costs and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

Finance income comprises interest income on funds invested and net foreign exchange gains that are recognised in the income statement (see foreign currency accounting policy). Interest income and expense is recognised in the income statement as it accrues, using the effective interest rate method. Foreign currency gains and losses are reported on a net basis.

1. ACCOUNTING POLICIES (continued)

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes. In accordance with IAS12, deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the reporting date, that may give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless by the reporting date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, 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 is measured on a non-discounted basis. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Leases

Leases are recognised on the statement of financial position with both an asset and liability. At inception, the asset and liability are of equal value.

Operating leases of low value or short term leases are recorded as an expense in the income statement as they are incurred, taken as an IFRS 16 practical expedient.

The lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the incremental borrowing rate, on a portfolio basis. Lease liabilities are subsequently measured at amortised cost and are increased by the interest charge and decreased by the lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, or as appropriate, changes in the assessment of whether a renewal option is reasonably certain to be exercised or a break clause is reasonably certain not to be exercised. The Group have exercised judgement as to whether these should be used to determine the lease liability.

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liabilities. The asset is depreciated on a straight line basis over the life of the lease.

Debt/equity

Preference shares are classed as equity instruments in the financial statements as:

- the preference shares include no contractual obligation to deliver cash or another financial asset to another entity; and
- they include no contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

2. REVENUE

The Group has disaggregated revenue into various categories in the following table which is intended to depict the nature, amount and timing of revenue and cash flows.

Selling channel	Product types		
52 week period ended 28 January 2023	**Liberty Brand**	**Other Brands**	**Total**
Liberty Retail	32,695	77,350	**110,045**
Liberty Fabrics	57,496	12,019	**69,515**
Other	2,404	2,968	**5,372**
Total revenue from contracts with customers	**92,595**	**92,337**	**184,932**

Geographical market*	Product types		
52 week period ended 28 January 2023	**Liberty Brand**	**Other Brands**	**Total**
United Kingdom	40,497	80,165	**120,662**
EMEA	20,580	12,172	**32,752**
APAC	23,889	-	**23,889**
Americas	7,629	-	**7,629**
Total revenue from contracts with customers	**92,595**	**92,337**	**184,932**

Selling channel	Product types		
52 week period ended 29 January 2022	**Liberty Brand**	**Other Brands**	**Total**
Liberty Retail	21,552	56,408	**77,960**
Liberty Fabrics	54,463	13,454	**67,917**
Other	2,019	1,705	**3,724**
Total revenue from contracts with customers	**78,034**	**71,567**	**149,601**

Geographical market*	Product types		
52 week period ended 29 January 2022	**Liberty Brand**	**Other Brands**	**Total**
United Kingdom	28,959	58,113	**87,072**
EMEA	19,927	13,454	**33,381**
APAC	21,725	-	**21,725**
Americas	7,423	-	**7,423**
Total revenue from contracts with customers	**78,034**	**71,567**	**149,601**

All revenue from contracts with customers is recognised on transfer of goods at a point in time. All revenue from contracts with customers is recognised on transfer of services over a period of time. The performance obligations for each revenue stream are explained in the accounting policies in Note 1. Trade receivables arising from revenue is included in Note 13. Included within Other Brands within Liberty Retail revenue is £259,000 (2022: £884,000) in relation to breakage on the loyalty scheme. The Beauty Drop subscription scheme is only offered to customers in the United Kingdom. £4,931,000 (2022: £nil) is included within Liberty Brand and Other Brands within Liberty Retail revenue, and is recognised over time. All other revenue is recognised at a point in time.

*Based on the country of sale.

3. OPERATING PROFIT

	52 week period ended 28 January 2023	52 week period ended 29 January 2022
The operating profit is stated after charging/(crediting) the following:	**£'000**	£'000
Depreciation of plant and equipment	**4,421**	5,220
Depreciation right of use assets	**3,862**	4,130
Amortisation of intangible assets	**2,690**	2,218
Loss on disposal of tangible assets	**229**	-
Loss on disposal on intangible assets	**50**	-
Profit on disposal of ROU asset	**(40)**	-
Auditors' remuneration:		
Audit of these financial statements	**145**	182
Audit of financial statements of subsidiaries	**281**	200
Non audit services:		
Audit related assurance	**11**	11
Tax and other advisory	**20**	-
Exceptional income	**(1,138)**	-
Exceptional costs	**2,434**	1,433
Foreign exchange gains	**(213)**	(915)

Exceptional items

Non-recurring and material transactions outside the ordinary course of business are treated as exceptional items. Items in the period include:

Recovery of VAT totalling £1,138,000 (2022: £nil) following the creation of a Bespoke Retail Scheme Agreement with HMRC. The balance has been treated as taxable income.

Restructuring costs of £722,000 were incurred in the period as the business was restructured to adapt to a post COVID-19 environment (2022: £nil). The balance has been treated as a tax deductible expense.

Recognition of an incentive scheme relating to a historical period totalling £582,000 (2022: £nil). The balance has been treated as a tax deductible expense.

One off litigation provision of £203,000 relating to a licensing claim (2022: £nil). The balance has been treated as a tax deductible expense.

One off refurbishment costs in relation to the Flagship store £nil (2022: £888,000). The prior year balance was treated as eligible for capital allowances.

Impairment of goodwill totalling £nil (2022: £545,000). The prior year balance was treated as a disallowable expense in the corporation tax return.

Impairment of ROU Assets totalling £927,000 (2022: £nil). The balance has been treated as a movement in deferred tax not recognised.

4. STAFF COSTS AND NUMBER OF EMPLOYEES

The average monthly number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	52 week period ended 28 January 2023 Number	52 week period ended 29 January 2022 Number
Design and Production	**233**	197
Selling and distribution	**369**	349
Administration	**106**	120
	708	666

The aggregate payroll costs of the persons were as follows:

	52 week period ended 28 January 2023 £'000	52 week period ended 29 January 2022 £'000
Wages and salaries	**25,444**	24,007
Social security costs	**2,603**	2,218
Other pension costs	**1,111**	1,024
Share-based payment	**(45)**	305
Grant income	**(76)**	(594)
	29,037	26,960

Directors' emoluments

Group

Remuneration of £1,422,000 (2022: £1,204,000), including pension contributions of £66,000 (2022: £57,000) was paid by subsidiary companies in respect of four (2022: three) Directors services. It is not possible to apportion these amounts for qualifying services to this company.

The highest paid Director received remuneration, including benefits, of £1,038,000 (2022: £850,000), including pension contributions of £32,000 (2022: £28,000). Retirement benefits were accruing to two directors (2022: two) in respect of defined contribution pension schemes. No other fees were paid to Directors in respect to services provided (2022: nil).

Company

The Company had no employees during the period. The Directors did not receive remuneration from the Company in respect of their services to the Company during the period (2022: nil). Four Directors (2022: three) received remuneration from a subsidiary of the Company.

5. FINANCE INCOME AND EXPENSES

Finance income arose as follows:	**52 week period ended 28 January 2023 £'000**	52 week period ended 29 January 2022 £'000
Finance income		
Interest income on cash deposits	**1**	2
Interest on pension scheme assets	**90**	40
Gain on translation of loan	**-**	922
Total finance income for the period	**91**	964

	52 week period ended 28 January 2023 £'000	52 week period ended 29 January 2022 £'000
Finance expense		
Interest on loans	**(8,563)**	(7,203)
Amortisation of deferred finance costs	**(984)**	(986)
Loss on translation of loan	**(455)**	-
Lease liability interest	**(2,747)**	(2,802)
Overdraft interest expense	**(36)**	(39)
Other interest expense	**(54)**	(36)
Total finance expense for the period	**(12,839)**	(11,066)

6. TAXATION

The taxation charge for the period in the Income Statement arose as follows:

	52 week period ended 28 January 2023 £'000	52 week period ended 29 January 2022 £'000
Current Tax		
Total Overseas tax suffered in the period	**1,607**	1,861
Adjustment in relation to prior period	**-**	2
Total current tax for the period	**1,607**	1,863
Deferred tax		
Origination and reversal of timing differences	**(2,623)**	(2,215)
Effect of tax rate change	**475**	1,710
Adjustments in relation to prior periods	**325**	-
Total deferred tax for the period	**(1,823)**	(505)
Tax charge recognised in income statement	**546**	1,147
Tax charge (credit) recognised in other comprehensive income	**(761)**	211
Total tax charge/(credit)	**(215)**	1,358

6. TAXATION (Continued)

The average current tax charge for the period differs (2022: differs) from the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	52 week period ended 28 January 2023 £'000	52 week period ended 29 January 2022 £'000
Profit/(loss) on ordinary activities before tax	**712**	(7,165)
Profit/(loss) on ordinary activities multiplied by the average rate for the period of 19% (2022: 19%)	**135**	(1,361)
Effects of:		
Adjustments in respect of prior periods	**325**	2
Income not subject to tax and expenses not deductible for tax purposes	**(157)**	(83)
Other short term timing differences	**-**	17
Group relief (surrendered)/claimed	**-**	3
Other permanent differences	**-**	(5)
Overseas tax rate higher than UK tax rate	**200**	566
Other fixed asset timing differences	**59**	144
Amounts recognised in OCI	**(761)**	211
Remeasurement of deferred tax for changes in tax rates	**375**	1,710
Deferred tax not recognised	**(391)**	154
Total taxation charge/(credit)	**(215)**	1,358

Included in other comprehensive income is a tax credit of £761,000 (2022: £(211,000)), in respect of the defined benefit pension scheme.

The Chancellor announced in the Budget on 3 March 2021 that the main rate of UK corporation tax for years starting 1 April 2023 will be 25%. This was substantively enacted on 24 May 2021.

Deferred taxes reflected in these financial statements have been measured using enacted tax rates at the balance sheet date. The UK corporation tax rate of 19% is due to remain (effective 1 April 2020).

7. INTANGIBLE ASSETS

	Goodwill	Design Archive	Brand Portfolio	Concession Agreements	Customer Relationships	Computer Software	Other	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost									
At 30 January 2021	33,942	43,594	73,400	1,000	11,500	12,439	22	-	175,897
Additions	-	733	-	-	-	-	-	-	733
Transfers	-	-	-	-	-	1,033	-	1,468	2,501
At 29 January 2022	33,942	44,327	73,400	1,000	11,500	13,472	22	1,468	179,131
Additions	-	1,186	-	-	-	-	-	931	2,117
Transfers	-	-	-	-	-	2,399	-	(2,399)	-
Acquisitions through business combinations	249	-	-	-	-	-	3	-	252
Disposals	-	-	-	-	-	(1,892)	-	-	(1,892)
At 28 January 2023	34,191	45,513	73,400	1,000	11,500	13,979	25	-	179,608
Amortisation and impairment									
At 30 January 2021	-	(481)	-	(895)	(7,490)	(7,932)	-	-	(16,798)
Amortisation	-	481	-	(105)	(1,045)	(1,549)	-	-	(2,218)
Impairment	(545)	-	-	-	-	-	-	-	(545)
At 29 January 2022	(545)	-	-	(1,000)	(8,535)	(9,481)	-	-	(19,561)
Amortisation	-	-	-	-	(1,045)	(1,645)	-	-	(2,690)
Impairment	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	1,842	-	-	1,842
At 28 January 2023	(545)	-	-	(1,000)	(9,580)	(9,284)	-	-	(20,409)
Net book value									
At 28 January 2023	33,646	45,513	73,400	-	1,920	4,695	25	-	159,199
At 29 January 2022	33,397	44,327	73,400	-	2,965	3,991	22	1,468	159,570

Management conducted a thorough review of the asset register, in light of its post COVID-19 strategies, and as a result has disposed of assets it no longer believes will be integral to its operating plans for the future. Most of these assets had been fully amortised however there was a small loss on disposal recognised on the Income Statement, £50,000 (2022: £nil).

7. INTANGIBLE ASSETS (continued)

The carrying value of goodwill is allocated to each cash generating unit as follows:

	28 January 2023	29 January 2022
	£'000	£'000
Retail	18,920	22,690
Wholesale	14,726	10,707
Total	33,646	33,397

The brand portfolio and design archive intangible assets are deemed to have an indefinite economic life due to the durability of the underlying business which has been demonstrated over many years. The customer relationships and concession agreements intangible assets were assessed to have a useful economic life of 11 years and 8 years, respectively.

Concession agreements and customer relationships are reviewed annually for impairment and amortised over their useful economic lives. The amortisation charge is recognised in administration costs in the income statement.

The additions within the design archive relate to capitalised salaries which have an indefinite useful economic life.

Goodwill, the design archive and the brand portfolio are not amortised but tested for impairment annually. Value in use calculations underpinning the fair value are contrasted against financial performance in the period and forecast cash flows based on the 2023/24 budget and four year plan, both of which have been approved by the Board.

In the prior period, the goodwill allocated to the Christys brand amounting to £545,000 was impaired to nil due to the underlying performance of the business.

The key assumptions used in value in use calculations are:

- Sales: projected sales are built up with reference to trading channels. They incorporate projected growth targets based on: past performance, historical growth rates and developments in key markets.
- EBITDA Margins: projected margins reflect historical performance and the impact of all completed projects to improve operational efficiency and leverage scale. The projections do not include the impact of future restructuring or CAPEX projects to which the Group is not yet committed.
- Goodwill sensitivity - Sensitivity analysis has been performed by applying the 'Severe but Plausible' assumptions from the going concern assessment.
- Discount rate: the discount rate has been calculated based on the Group's weighted average cost of capital and risks specific to the CGU being tested. A post-tax rate range of 9.5% to 13.5% has been used for the impairment testing (2022: 11.2% to 12.5%). The equivalent pre-tax rate range applied in the assessment is 11.94% to 13.62%.
- Terminal growth rate: Terminal growth of 2% has been applied beyond the 5 year period (2022: 2%).

Further information regarding the use of estimates and judgements has been detailed in Note 1.

8. PROPERTY, PLANT AND EQUIPMENT

	Design Archive and Heritage Assets	Fixtures and Fittings	Computer Equipment	Plant and Machinery	Leasehold improvements	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost							
At 30 January 2021	**6,100**	**15,281**	**5,420**	**12,928**	**-**	**4,343**	**44,072**
Additions	-	221	26	1,461	-	6,270	**7,978**
Disposals	-	(8)	-	-	-	-	**(8)**
Transfers	-	453	176	-	7,346	(10,476)	**(2,501)**
Exchange differences	-	(233)	2	(408)	-	-	**(639)**
At 29 January 2022	**6,100**	**15,714**	**5,624**	**13,981**	**7,346**	**137**	**48,902**
Additions	-	446	88	1,491	-	1,233	**3,258**
Acquisitions through business combinations	-	4	-	-	-	-	**4**
Disposals	-	(7,504)	(4,492)	(1,222)	-	(16)	**(13,234)**
Transfers	-	538	368	-	56	(962)	**-**
Exchange differences	-	342	8	881	-	-	**1,231**
At 28 January 2023	**6,100**	**9,540**	**1,596**	**15,131**	**7,402**	**392**	**40,161**
Depreciation and impairment							
At 30 January 2021	**(60)**	**(7,545)**	**(3,616)**	**(6,296)**	**-**	**-**	**(17,517)**
Depreciation	60	(2,630)	(1,045)	(1,472)	(133)	-	**(5,220)**
Disposals	-	8	-	-	-	-	**8**
Exchange differences	-	279	(1)	(4)	-	-	**274**
At 29 January 2022	**-**	**(9,888)**	**(4,662)**	**(7,772)**	**(133)**	**-**	**(22,455)**
Depreciation	-	(2,319)	(405)	(1,575)	(122)	-	**(4,421)**
Disposals	-	7,593	4,190	1,222	-	-	**13,005**
Exchange differences	-	(301)	(8)	(608)	-	-	**(917)**
At 28 January 2023	**-**	**(4,915)**	**(885)**	**(8,733)**	**(255)**	**-**	**(14,788)**
Net book value							
At 28 January 2023	**6,100**	**4,625**	**711**	**6,398**	**7,147**	**392**	**25,373**
At 29 January 2022	**6,100**	**5,826**	**962**	**6,209**	**7,213**	**137**	**26,447**

Management conducted a thorough review of the asset register, in light of its post COVID-19 strategies, and as a result has disposed of assets it no longer believes will be integral to its operating plans for the future. Most of these assets had been fully depreciated however there was a small loss on disposal recognised on the Income Statement, £229,000 (2022: £nil).

9. INVESTMENTS

	28 January 2023 £'000
Investment in subsidiary undertakings as at 29 January 2022	101,860
Additions arriving from share based payment transactions	150
Investment in subsidiary undertakings as at 28 January 2023	**102,010**

Name of undertaking	Principal Activity	Classes of issued share capital held by the Group	Percentage held within the Group
Liberty Theta Limited	Financing	Ordinary	100%
Liberty Kappa Limited	Financing	Ordinary	100%
Liberty Alpha Limited	Holding company	Ordinary	100%
Liberty Gamma Holdings Limited	Holding company	Ordinary	100%
Liberty Limited	Financing	Ordinary	100%
Liberty Retail Limited	Retail	Ordinary	100%
Liberty Fabric Limited	Wholesale	Ordinary	100%
Liberty Investment Limited	Holding company	Ordinary	100%
Liberty Japan Co. Limited (1)	Wholesale	Ordinary	100%
Liberty Fabrics Limited (2)	Wholesale	Ordinary	100%
Liberty Comercio e Industria de Tecidos Ltda (3)	Wholesale	Ordinary	100%
Liberty (Shanghai) Trading Co. Limited (4)	Wholesale	Ordinary	100%
Liberty of London Limited	Wholesale	Ordinary	100%
C W Headdress Limited (5)	Retail	Ordinary	100%
Christy & Co. Limited (5)	Retail	Ordinary	100%
Stamperia Olonia SRL (6)	Manufacturing	Ordinary	100%
Frame Due SRL (9)	Manufacturing	Ordinary	100%
Liberty Fabric Services Italy (7)	Wholesale	Ordinary	100%
Liberty Hong Kong Asia Pacific Limited (8)	Holding company	Ordinary	100%
Liberty Fabric Sales Limited	Dormant	Ordinary	100%
Liberty Lease Limited	Holding company	Ordinary	100%
Liberty Tudor Property Limited	Dormant	Ordinary	100%

9. INVESTMENTS (continued)

All entities are incorporated in England and Wales, except where detailed otherwise, and are registered at 210-220 Regent Street, London, W1B 5AH.

(1) Incorporated and operates in Japan. Registered address: 2F Ebisu Park Plaza, 1-9-6 Ebisu Minami, Shibuya-ku, Tokyo, 150-0022 Japan

(2) Incorporated and operates in the United States of America. Registered address: 584 Broadway, Suite 604, New York, 10012

(3) Incorporated and operates in Brazil. Registered address: 1164 Rua Piaui, Sao Paulo, Brazil

(4) Incorporated and operates in China. Registered address: 42F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong

(5) Registered address: Unit 7, Witan Park, Avenue 2, Station Lane, Witney, Oxfordshire, OX28 4FH

(6) Incorporated and operates in Italy. Registered address: Via A.Colombo 65, Gorla Minore, Varese, Italy

(7) Incorporated and operates in Italy. Registered address: Via A.Colombo 61, Gorla Minore, Varese, Italy

(8) Incorporated in Hong Kong. Registered address: 42/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong

(9) Incorporated and operates in Italy, Registered address: Viale dell'Industria, 6, 20036 Dairago MI, Italy

In January 2023, strike off procedures were completed in respect of all dormant companies with the exception of:

(a) Liberty Fabric Sales Limited, a UK incorporated company which holds an investment in Liberty Fabrics Italy Srl, a company incorporated in Italy.

(b) Liberty Tudor Property Limited; strike off procedures were not yet complete as at the period end date

On 15 December 2022 Stamperia Olonia SRL acquired 100% of the ordinary share capital of Frame Due SRL, a printing roller and screen manufacturer. Consideration paid totalled £441,000, with goodwill of £249,000 being recognised in the year. The fair value of the assets and liabilities acquired totalled £192,000. The assets and liabilities largely comprised of working capital including cash of £216,000. No adjustments were made to the book values of assets and liabilities acquired. The acquisition costs and results of the acquisition are immaterial to the Group. The reported provisional fair values are final.

10. LEASES

Right of Use Asset

The Group's leases consist of real estate, vehicles and computer equipment.

	Real Estate £'000	Vehicles £'000	Computer software £'000	Total £'000
At 30 January 2021	58,070	127	148	**58,345**
Additions	477	35	11	**523**
Depreciation	(4,002)	(55)	(73)	**(4,130)**
At 29 January 2022	**54,545**	**107**	**86**	**54,738**
Additions	717	-	-	**717**
Depreciation	(3,756)	(56)	(50)	**(3,862)**
Impairment	(926)	-	(1)	**(927)**
Net book value at 28 January 2023	**50,580**	**51**	**35**	**50,666**

Lease Liability

	Current £'000	Non-current £'000	Total
At 30 January 2021	2,066	60,168	**62,234**
Additions	221	302	**523**
Interest	2,802	-	**2,802**
Lease payments	(5,090)	-	**(5,090)**
Transfers	2,288	(2,288)	-
At 29 January 2022	**2,287**	**58,182**	**60,469**
Additions	415	302	**717**
Interest	2,747	-	**2,747**
Lease payments	(4,920)	-	**(4,920)**
Transfers	1,563	(1,563)	-
Lease Liabilities at 28 January 2023	**2,092**	**56,921**	**59,013**

The weighted average discount rate of the leases is 4.71% (2022: 4.64%)

Transfers are the movements of leases from non-current to current liabilities at the end of the period.

The Group has not applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases and has included them in the above.

11. POST EMPLOYMENT BENEFITS AND PENSIONS

Pensions overall summary

Liberty Retail Limited operates a defined contribution pension scheme and a defined benefit pension scheme. The defined benefit scheme has been closed to new entrants since February 2001 and was closed to future benefit accrual with effect from 1 January 2007. The assets of all pension schemes of the Company are held in separate trust administered funds.

In addition, Liberty Japan Co Limited operates a defined benefit pension scheme. The Liberty Japan Co Limited pension scheme commenced on the 1 October 2003 and remains open to new entrants.

The defined benefit plan operated by Stamperia Olonia SRL relates to statutory severance benefit which is a legal requirement for Italian companies.

Defined contribution schemes

During the 52 week period ended 28 January 2023, the Group paid £1,111,000 (2022: £1,024,000) in respect of contributions to defined contribution pension schemes operated on behalf of Group employees.

11. POST EMPLOYMENT BENEFITS AND PENSIONS (continued)

Defined benefit scheme

A summary of the total present value of employee benefits is set out in the table below:

	28 January 2023 £'000	29 January 2022 £'000
Summary		
Cumulative net asset of UK scheme	**234**	3,657
Total defined benefit asset	**234**	3,657
Cumulative net liabilities of Japanese scheme	**(330)**	(340)
Cumulative net liabilities of Italian statutory severance benefit	**(328)**	(317)
Total defined benefit liability	**(658)**	(657)

UK defined benefit schemes

The contributions to the defined benefit scheme during the 52 week period ended 28 January 2023 amounted to £1,015,000 (2022: £nil). The contribution rate is determined by an independent qualified actuary, using the projected unit method, on the basis of triennial valuations. A full actuarial valuation was carried out at 30 June 2022 by the Scheme's independent qualified actuary. The scheme is closed to future benefit accrual, there is no expected contribution rate for future periods, however there are deferred amounts due. Liberty Retail Limited expects to contribute deferred amounts of £525,000 to the defined benefit scheme in the next financial period.

Actuarial valuation

A full actuarial valuation of the UK defined benefit scheme was carried out at 30 June 2022 by a qualified independent actuary, resulting in changes to the pre and post-retirement discount rate. An IAS19 valuation bas been prepared as at 28 January 2023 by the actuary based on assumptions set by the Company and is reflected in these financial statements. The assumptions used by the actuary are those approved by the Trustees of the Pension Scheme and in the actuary's opinion, are the best estimates chosen from a range of possible actuarial assumptions. Due to the timescale covered, these assumptions may not necessarily be borne out in practice. The major assumptions used by the actuary are shown in the following table:

	52 week period ended 28 January 2023	52 week period ended 29 January 2022
Discount rate of scheme liabilities at period end	**4.5%**	2.3%
Inflation per annum (RPI)	**3.1%**	3.4%
Inflation per annum (CPI)	**2.5%**	2.8%
Rate of increase per annum in pensions in payment accrued before 5 April 1997	**3.0%**	3.0%
Rate of increase per annum in pensions in payment accrued after 5 April 1997	**3.0%**	3.3%
Percentage of maximum cash allowed taken by members	**75%**	75%
Mortality base table adopted	**S3PMAwith a scaling factor of 96% for males S3PFA_M with a scaling factor of 101% for females**	3PMAwith a scaling factor of 96% for males S3PFA_M with a scaling factor of 101% for females
Mortality future improvements adopted	**Future improvements in line with the "CMI_2021"projection model with parameter S Kappa = 7.0, A = 0.50, W2020 = 0, W2021 = 0and long term improvement rate of 1.25% p.a.**	Future improvements in line with the "CMI_2020" projection model with parameter S Kappa = 7.0, A = 0.25, W2020 = 0 and long term improvement rate of 1.25% p.a.
Forecast life expectancy for male currently aged 60	**88**	87
Forecast life expectancy for female currently aged 60	**89**	90
Forecast life expectancy at 60 for male currently aged 40	**89**	88
Forecast life expectancy at 60 for female currently aged 40	**91**	91

11. POST EMPLOYMENT BENEFITS AND PENSIONS (continued)

Actuarial valuation (continued)

The forecast life expectancy assumption is based on a male, aged 60.

The transfer take-up assumption is that no allowance has been made for members to transfer out of the scheme.

The overall expected return on assets is calculated as the weighted average of expected returns on each individual asset class. The expected return on equities is the sum of inflation, the dividend yield, economic growth and investment expenses. The return on gilts and bonds is the current market yield on long term gilts and bonds. The expected return on other assets is set equal to expected inflation.

Movement of deficit in the UK defined benefit pension scheme of Liberty Retail Limited

	52 week period ended 28 January 2023 £'000	52 week period ended 29 January 2022 £'000
Amounts to be recognised in the Statement of Financial Position		
Present value of funded obligation	**(20,962)**	(27,260)
Fair value of scheme assets	**21,196**	30,917
Net Asset in Statement of Financial Position	**234**	3,657
Expense/(Income) recognised in Income Statement		
Net interest on the net defined benefit asset	**(90)**	(40)
Administration expenses	**522**	372
Expense recognised in Income Statement	**432**	332
Movement in fair value of Scheme assets		
At start of period	**30,917**	33,330
Administration costs incurred	**(522)**	(372)
Contributions paid by the Group	**1,015**	-
Benefits paid by the Scheme	**(1,195)**	(1,166)
Expected return on Scheme assets in finance income	**709**	488
Actuarial losses on Scheme assets recognised in equity	**(9,728)**	(1,363)
Fair value of Scheme assets at period end	**21,196**	30,917
Equities	**5,023**	3,103
Bond funds	**5,903**	19,311
Matching assets	**9,824**	7,925
Other investments	**446**	578
Fair value of scheme assets	**21,196**	30,917
Movement in present value of defined benefit obligations		
At start of period	**27,260**	30,453
Benefits paid by the scheme	**(1,195)**	(1,166)
Interest cost in finance expense	**619**	448
Actuarial gains recognised in equity	**(5,722)**	(2,475)
Present value of defined benefit obligations at period end	**20,962**	27,260
Cumulative asset at start of period	**3,657**	2,877
Actuarial gains/(losses) recognised directly in equity during period	**(4,006)**	1,112
Contributions paid by the Company	**1,015**	-
Expense recognised in income statement	**(432)**	(332)
Cumulative asset at period end	**234**	3,657
Actual return on Scheme assets	**(9,019)**	(875)

Included within Other Comprehensive Income is a deferred tax credit of the defined benefit pension asset amounting to £761,000 (2022: £(211,000)).

11. POST EMPLOYMENT BENEFITS AND PENSION (continued)

The fair values of the scheme's assets are not intended to be realised in the short term and may be subject to significant change before they are realised. The present value of the scheme's liabilities is derived from cash flow projections over long periods of time and is thus inherently uncertain. However, the table above represents the Trustee's and the Actuary's best estimate of the surplus in the scheme at the dates referred to.

Analysis of amount recognised in Statement of Other Comprehensive Income

	52 week period ended 28 January 2023 £'000	52 week period ended 29 January 2022 £'000
Actual return less expected return on pension scheme assets in UK	**9,728**	1,363
Actuarial gains due to changes in financial assumptions	**(6,869)**	(2,450)
Actuarial (gains)/losses due to changes in demographic assumptions	**406**	(40)
Actuarial losses due to liability experience	**741**	15
	4,006	(1,112)
Actual return less expected return on pension scheme assets in Japan	**(72)**	(57)
Actuarial gain/(loss) in consolidated statement of comprehensive income	**3,934**	(1,169)

A summary of the current period is as follows:

UK scheme	**28 January 2023 £'000**	29 January 2022 £'000
Fair value of scheme assets	**21,196**	30,917
Present value of defined benefit obligations	**(20,962)**	(27,260)
Asset	**234**	3,657
Net Asset in Statement of Financial Position	**234**	3,657
Experience gains arising on Scheme assets	**9,728**	1,363
Experience losses arising on Scheme liabilities	**741**	15

Risks associated with the UK Defined Benefit Pension Scheme

Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets under perform this yield, this will create a deficit. The Scheme is invested primarily in growth assets, corporate bonds and liability matched assets. The growth assets, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored by the Trustees to ensure it remains appropriate given the Scheme's long term objectives.
Changes in bond yields	A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for IAS 19, although this will be partially offset by an increase in the value of the Scheme's bond holdings.
Inflation risk	A proportion of the Scheme's benefit obligations are linked to inflation; higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Scheme by investing in assets such as swaps which perform in line with the liabilities of the Scheme so as to protect against inflation being higher than expected.

11. POST EMPLOYMENT BENEFITS AND PENSIONS (continued)

Sensitivity to key assumptions

The key assumptions used for IAS 19 are: discount rate, inflation and mortality. The sensitivity of the results to these assumptions is as follows:-

28 January 2023

	Scheme assets	DBO	Surplus/(Deficit)
	£'000	£'000	£'000
Current figures	21,196	(20,962)	234
Following a 0.25% p.a. decrease in the discount rate	21,196	(21,544)	(348)
Following a 0.25% p.a. increase in the RPI inflation assumption	21,196	(21,134)	62
Following an increase in the life expectancy of one year	21,196	(21,757)	(561)

29 January 2022

	Scheme assets	DBO	Surplus
	£'000	£'000	£'000
Current figures	30,917	(27,260)	3,657
Following a 0.25% p.a. decrease in the discount rate	30,917	(28,270)	2,647
Following a 0.25% p.a. increase in the RPI inflation assumption	30,917	(27,708)	3,209
Following an increase in the life expectancy of one year	30,917	(28,610)	2,307

The sensitivity information shown above is approximate and has been determined taking into account the duration of the liabilities and the overall profile of the Scheme membership. This is the same approach as has been adopted in previous periods.

Maturity Profile of the Scheme

The defined benefit obligation includes benefits for deferred pensioners and current pensioners. Some of the deferred pensioners are still current employees, but this does not directly impact their benefits from the Scheme as there is no longer a link between their salary and their Scheme benefits.

The defined benefit obligation is broadly split 34%/66% between deferred pensioners and current pensioners. The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is around 13 years.

12. INVENTORIES

	28 January 2023	29 January 2022
	£'000	£'000
Raw materials	**10,948**	9,084
Work in progress	**1,112**	1,175
Finished goods	**31,892**	24,993
	43,952	35,252

£100,891,000 (2022: £82,475,000) of inventory was recognised within cost of sales in the period.

£391,000 (2022: £663,000) of inventory provisions were expensed to the consolidated income statement during the period, in line with sales of discontinued and discounted stock and movement in the provision.

The net realisable value of inventory is reviewed on a business unit basis. Retail inventory is assessed by season. The wholesale division provisioning is based on the achieved margin for each product line. Imperfect and obsolete inventory is fully provided for.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	28 January 2023	29 January 2022	**28 January 2023**	29 January 2022
	£'000	£'000	**£'000**	£'000
Trade receivables	**13,365**	12,318	**-**	-
Other receivables	**6,941**	1,702	**4**	2
Prepayments	**2,324**	601	**-**	-
Amounts due from subsidiary undertakings	**-**	-	**7,379**	7,526
	22,630	14,621	**7,383**	7,528

The Group's exposure to credit risk related to trade and other receivables is disclosed in note 18.

A receivable represents the right to consideration that is unconditional i.e. only the passage of time is required before time is required before payment is due.

14. TAX RECOVERABLE/(PAYABLE)

	28 January 2023	29 January 2022
	£'000	£'000
Japanese corporation tax payable	**(143)**	(186)
Italian corporation tax payable	**(59)**	(178)
Italian corporation tax recoverable	**936**	-
	734	(364)

15. DEFERRED TAX LIABILITY

The deferred tax assets and liabilities arose as follows:

	Short term timing differences £'000	Intangible Assets £'000	Recognised Losses £'000	Accelerated capital allowance £'000	Total Liability £'000
Brought forward at 31 January 2021	2,010	(22,647)	7,331	4,841	**(8,465)**
Movement in the period	1,240	138	308	720	**2,406**
Rate change	1,027	(7,034)	2,350	1,756	**(1,901)**
Brought forward at 30 January 2022	**4,277**	**(29,543)**	**9,989**	**7,317**	**(7,960)**
Movement in period	2,863	(126)	(726)	288	**2,299**
Rate change	-	(539)	(8)	71	**(476)**
Closing asset (liability) as at 28 January 2023	**7,140**	**(30,208)**	**9,255**	**7,676**	**(6,137)**

	28 January 2023 £'000	29 January 2022 £'000
Deferred tax asset	**24,071**	21,583
Deferred tax liability	**(30,208)**	(29,543)
Net deferred tax asset/(liability)	**(6,137)**	(7,960)

Deferred tax assets not provided	**28 January 2023 £'000**	29 January 2022 £'000
Trading tax losses	**3,107**	3,208
Deferred tax assets not recognised at period end	**3,107**	3,208

Deferred tax assets not provided

The Group has gross tax assets totalling £12.4m (2022: £13.1m) on which deferred tax assets have not been recognised. The potential deferred tax asset of £3.1m (2022: £3.2m), the majority of which relates to losses, has not been recognised on the consolidated Statement of Financial Position as at 28 January 2023 due to uncertainty as to timing and use of these net tax assets, particularly the trading losses which are restricted in their use, these net tax assets have not been recognised as an asset in the consolidated Statement of Financial Position at 28 January 2023 but continue to be available as required.

No deferred tax liability is provided in respect of future remittance of earnings of foreign subsidiaries where the Group is able to control the remittance of earnings and it is probable that such earnings will not be remitted in the foreseeable future or where no liability would arise on remittance.

16. TRADE AND OTHER PAYABLES

	Group		**Company**	
	28 January 2023	29 January 2022	**28 January 2023**	29 January 2022
	£'000	£'000	**£'000**	£'000
Trade payables	**18,297**	18,362	-	-
Other payables	**7,163**	6,358	3	2
Other tax and social security	**6,151**	813	-	-
Accruals and deferred income	**15,129**	15,890	-	-
	46,740	41,423	3	2

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 18.

17. LOANS AND BORROWINGS

The Group's loans at the reporting date were as follows:

	28 January 2023 £'000	29 January 2022 £'000
Non-current liabilities		
Secured bank loans	**83,617**	92,301
	83,617	92,301
Current liabilities		
Current portion of secured bank loans	**17,346**	8,196
Finance leases	**-**	527
	17,346	8,723
Total loans and borrowings	**100,963**	101,024

Bank loans are disclosed net of deferred financing fees which are amortised over the term of the debt.

The Group's loans bore variable rates of interest as at the reporting date as follows:

	Currency	Nominal interest rate	Year of maturity	Face value and carrying amount 28 January 2023 £'000	Face value and carrying amount 29 January 2022 £'000
Term Loan A1	GBP	SONIA plus 8%	2025	**47,505**	46,456
Term Loan A2	JPY	TONAR plus 8%	2025	**6,210**	6,394
Term Loan A3	GBP	SONIA plus 8%	2025	**5,072**	4,960
Capital Expenditure Facility	GBP	SONIA plus 8%	2025	**10,573**	10,339
Revolving Credit Facility	GBP	SONIA plus 3%	2024	**28,000**	28,000
Term Loan Gruppo UBI	EUR	EURIBOR plus 1.5%	2024	**2,863**	4,278
Intesa	EUR	EURIBOR plus 1.4%	2027	**373**	-
Banco BPM	EUR	EURIBOR plus 1.4%	2026	**301**	-
Banco BPM	EUR	EURIBOR plus 1.5%	2027	**346**	-
COVID-19 Loan	EUR	Fixed 1.13%	2026	**17**	21
Landlord Loan	GBP	N/A	2024	**1,531**	2,188
Finance leases	EUR	Various	2023	**-**	527
Total loans and borrowings				**102,791**	103,163
Deferred financing fees	GBP	N/A	2024	**(1,828)**	(2,139)
				100,963	101,024

Post Balance Sheet Event

Post year end in April and May, Stamperia Olonia Srl raised three short term loans, for an accumulated amount of €1,500,000, which were raised to support capital expenditure. All three tranches of debt totaling €500,000 each have a term of six months before repayment falls due. These new loans are not secured against any Group assets.

18. FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities, together with their fair values at 28 January 2023, were as follows:

	Group				Company			
	28 January 2023		29 January 2022		**28 January 2023**		29 January 2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value	**Carrying amount**	**Fair value**	Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000	**£'000**	**£'000**	£'000	£'000
Trade and other receivables	**20,306**	**20,306**	14,020	14,020	7,383	7,383	7,528	7,528
Cash and cash equivalents	**14,410**	**14,410**	22,240	22,240	-	-	-	-
Bank loans and borrowings	**(102,791)**	**(102,791)**	(103,163)	(103,163)	-	-	-	-
Lease liabilities	**(59,014)**	**(59,014)**	(60,469)	(60,469)	-	-	-	-
Trade and other payables	**(26,881)**	**(26,881)**	(24,720)	(24,720)	(3)	(3)	(2)	(2)
	(153,970)	**(153,970)**	(152,092)	(152,092)	**7,380**	**7,380**	7,526	7,526

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount	**Contractual cash flows**	**1 year or less**	**1 to <2years**	**2 to <5years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Bank loans	102,791	102,791	18,199	84,007	585
Interest payable	1,821	18,383	9,499	8,874	10
Total	**104,612**	**121,174**	**27,698**	**92,881**	**595**

Capital management policy

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders; and
- to ensure sufficient liquid resources are available to meet the funding requirement of its working capital cycles and to fund new projects where identified.

This is achieved through ensuring sufficient bank and other facilities are in place, alongside the continual monitoring of cashflow forecasts and other financial key performance indicators. The below ratios are reviewed on a quarterly basis to ensure covenant compliance:

- Net leverage
- Minimum liquidity
- Minimum EBITDA

Off the back of the COVID-19 pandemic, lenders waived the requirement to test net leverage until 30 April 2023.

The Group was covenant compliant throughout the period. The gearing ratios as at 28 January 2023 and 29 January 2022 are as follows:

	28 January 2023	29 January 2022
	£'000	£'000
Total loans and borrowings (note 17)	**100,963**	101,024
Cash and cash equivalents	**(14,410)**	(22,240)
Net debt	**86,553**	78,784
Total share capital and premium	**107,561**	107,561
Total capital (total assets less current liabilities)	**273,811**	285,311
Gearing ratio	**32%**	28%

18. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The interest payable above includes contractual interest payable on secured and unsecured bank loans. The Acquisition Financing rates of interest vary in line with SONIA and TONAR, and in line with the consolidated Group ratio of debt to EBITDA.

The financial liability contractual maturity table includes interest payable at these fixed rates applied as at 28 January 2023 assuming no reduction in the interest rate from an improved debt to EBITDA covenant ratio.

Financial risks

The Group has exposure to the following principal financial risks in the operation and management of its business:

(i) Liquidity risk;
(ii) Market risk;
(iii) Credit risk; and
(iv) Investment impairment risk.

Set out below is information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk:

Liquidity risk

The Group's treasury policies are designed to ensure that sufficient committed loan facilities are available to support current and future business requirements. Cash and loan management is a core feature of the Board's business model and rolling cash flow forecasts, updated on a weekly basis, are controlled by the Directors and senior executives to manage these requirements.

Liquidity risk - maturity analysis	**28 January 2023**		29 January 2022	
	Less than 1 year	**Over 1 year**	Less than 1 year	Over 1 year
Financial liabilities	**£'000**	**£'000**	£'000	£'000
Trade and other payables	**26,881**	**-**	24,720	-

18. FINANCIAL INSTRUMENTS (continued)

Credit risk

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the general default risk in the principal sectors in which the Group operates, has less of an influence on credit risk. The Group maintains credit insurance which protects against bad debts that may arise, with an excess of the higher of £2,000 or 10% payable per claim.

The Group deposits money with financial institutions and monitors the health and financial condition of those institutions.

The Group regularly reviews intercompany balances and tests for impairment on an annual basis. Provisions for intercompany balances are made where impairment indicators are present.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	28 January 2023	29 January 2022
	£'000	£'000
Trade receivables	**13,365**	12,318

The ageing of trade receivables at 28 January 2023 was:

				Days past due		
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Estimated total gross carrying amount at default	12,176	705	339	169	273	13,662
Estimated credit loss	(3)	(89)	(122)	(17)	(66)	(297)
Expected credit loss rate	0%	13%	36%	10%	24%	2%

The ageing of trade receivables at 29 January 2022 was:

				Trade receivables Days past due		
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Estimated total gross carrying amount at default	11,383	442	115	140	727	12,807
Estimated credit loss	0	(35)	(35)	(11)	(408)	(489)
Expected credit loss rate	0%	8%	30%	8%	56%	4%

The impairment provision at 28 January 2023 of £297,000 (2022: £489,000) relates to debts mainly from overseas customers that are not covered by insurance.

The Directors believes that no material amount of impairment allowance is necessary in respect of trade receivables not past due or past due by up to 120 days. The majority of the balance relates to customers that have good financial track records with the Group.

18. FINANCIAL INSTRUMENTS (continued)

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	28 January 2023 £'000	29 January 2022 £'000
Balance brought forward	**(489)**	**(655)**
Decrease in expected credit loss	**192**	**166**
Balance at end of period	**(297)**	**(489)**

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Investment impairment risk

The Directors understand the risks associated with the investments held by the entity and the fact that these risks relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the Group reviews the financial performance of its investments on a regular basis. The Directors are satisfied with the performance of the investments and foresee no change in this for the foreseeable future.

19. PROVISIONS

	28 January 2023 £'000	29 January 2022 £'000
Beauty drop onerous provision - current	**1,421**	-
Dissentient shareholders - non-current	**191**	188
Balance at end of period	**1,612**	188

The current provision relates to the unavoidable costs of delivering the goods and services under the beauty drop scheme.

The non-current provision relates to amounts due to the holders of preference shares who were bought out in 2019 and yet to claim the proceeds of sale.

20. SHARE BASED PAYMENTS

At 28 January 2023, the Group had a share-based payment arrangement in relation to the D1, D2 and D3 ordinary shares in the Company, issued to certain employees of the Group, which are linked to the individuals continued employment in the Group. The full terms of the D1, D2 and D3 ordinary shares are set out in the Articles of Association of the Company.

Summary of the arrangements as at 28 January 2023 and 29 January 2022

The D1 and D2 shares vest on an exit (being a sale or listing of the Group) and participate on an exit on proceeds above £250 million. Where an exit has not taken place by December 2023, the employees have an option to require the Company to acquire the shares at that time, based on the value of the Group at that time. Where this option is taken, half of the payment is made up front and the other half of the payment is made one year later. The second payment is adjusted where EBITDA in the subsequent financial year falls by more than 10%.

The D1 and D2 shares have been classified as a compound share-based payment arrangement, with both an equity and cash-settled component, given the employee has a choice of settlement, contingent on a future event.

20. SHARE BASED PAYMENTS (continued)

The cash-settled share-based payment charge has been recognised across the vesting period, being five years for the first tranche, and six years for the second tranche.

The D3 shares are classified as an equity-settled share-based payment arrangement, which vest on an exit (being a sale or listing of the Group). The D3 shareholders participate on an exit on proceeds above £250 million. The share-based payment charge has been recognised across the vesting period, being from grant date to the estimated date of an exit.

The D1, D2 and D3 shares were subject to a beneficial modification on 13 January 2022, where the amount of the participation on an exit was adjusted.

Reconciliation of outstanding share-based payment arrangements

The number of shares subject to share-based payment arrangements are as follows:

	D1 ordinary shares	D2 ordinary shares	D3 ordinary shares
Outstanding at the beginning of the year	4,000	2,000	2,600
Granted during the year	-	-	-
Forfeited during the year	-	-	(625)
Outstanding at the end of the year	**4,000**	**2,000**	**1,975**

Measurement of share-based payment arrangements

The fair value of services received in return for the shares granted are measured by reference to the fair value of the shares granted, using a Monte Carlo model.

The inputs used in the measurement of the fair values at grant date, 31 January 2021, 13 January 2022 (at the date of modification), 31 January 2022 and 31 January 2023 are as follows:

	31 January 2020 [2]	31 January 2021 [3]	13 January 2022 [4]	31 January 2022 [5]	31 January 2023
Fair value – D1 and D2	£639.43	£78.92	£68.47	£83.72	£88.08
Fair value – D3	£604.81	N/A	£62.11	£83.72	N/A
Equity value	£232 million	£78 million	£78 million	£78 million	£127 million
Exercise price	£5.42	£5.42	£5.42	£5.42	£5.42
Expected volatility (weighted average)	37.20%	57.27%	63.75%	63.75%	54.76%
Option life (weighted average)	4 years	3 years	2 years	2 years	1.5 years
Expected dividends	0%	0%	0%	0%	0%
Risk-free interest rate (based on government bonds)	0.41%	(0.08%)	0.70%	0.70%	3.5%

1 – for the purposes of the grant date fair value of the D1 and D2 shares

2 – for the purposes of the reporting date fair value of the D1 and D2 shares; and grant date fair value of the D3 shares

3 – for the purposes of the reporting date fair value of the D1 and D2 shares

4 – for the purposes of immediately pre-modification of the D1, D2 and D3 shares

5 – for the purposes of immediately post-modification of the D1, D2 and D3 shares, the reporting date fair value of the D1 and D2 shares; and the grant date fair value of the additional D3 shares issued

6 – for the purposes of the reporting date fair value of the D1 and D2 shares

20. SHARE BASED PAYMENTS (continued)

The expected volatility has been based on a benchmarking exercise for the equity volatility of similar listed entities. Service conditions and non-market performance conditions have not been taken into account in the fair value measurement of the services received. The incremental fair value as a result of the modification in January 2022 is £15.25 per share for the D1 and D2 shares, and £21.61 for the D3 shares.

The total expenses recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments are as follows:

	Group		Company	
	28 January 2023	29 January 2022	**28 January 2023**	29 January 2022
	£000	£000	**£000**	£000
Equity settled share-based payment expense	**(152)**	(212)	**-**	-
Cash settled share-based payment expense / (credit) recognised in the income statement	**107**	93	**(195)**	(188)
Cash settled share-based payment expense / (credit) recognised as an increase in investment in subsidiary undertakings	**-**	-	**150**	467
Total carrying amount of liabilities	**386**	279	**386**	279

21. SHARE CAPITAL

Allotted, called up and fully paid	**28 January 2023 £'000**	29 January 2022 £'000
Share capital (95,606,365 (2022: 93,206,365) shares in issue)		
A Ordinary shares of £0.01 (93,197,565 (2022: 93,197,565 shares in issue)	**932**	932
D1 Ordinary shares of £0.01 (4,000 (2022: 4,000 shares in issue)	**-**	-
D2 Ordinary shares of £0.01 (2,200 (2022: 2,200 shares in issue)	**-**	-
D3 Ordinary shares of £0.01 (2,600 (2022: 2,600 shares in issue)	**-**	-
Preference shares of £0.01 (2,400,000 (2022: nil shares in issue)	**24**	24
Total parent company share capital	**956**	956

On 21 April 2021, the authorised, called up and fully paid share capital was increased by £24,000 by the issue of 2,400,000 preference shares of £2.50 each. The nominal value of the shares was £0.01 and the share premium arising was £5,976,000. These shares were fully paid in cash.

The shareholders have on commitment a further £4,000,000 to cure any future liquidity concerns the Group may have in meeting its covenant requirements. This commitment is in place until January 2025 and if drawn will result in a further issue of preference shares.

The Company's issued share capital at 28 January 2023 comprises A ordinary shares plus D1, D2 and D3 Management Incentive Shares and preference shares. The A ordinary shares and the preference shares carry the right to vote. The D1, D2 and D3 shares do not have any voting rights.

Dividends on ordinary shares

No ordinary dividends were declared during the period. Holders of A ordinary and preference shares are entitled to receive dividends per share as declared periodically and are entitled to one vote per share at Shareholder meetings of the Company.

Share premium

	28 January 2023	29 January 2022
	£'000	£'000
Premium on allotment of A Ordinary shares	**100,581**	100,581
Premium on allotment of D1 Ordinary shares	**22**	22
Premium on allotment of D2 Ordinary shares	**12**	12
Premium on allotment of D3 Ordinary shares	**14**	14
Premium on allotment of Preference shares	**5,976**	5,976
Total parent company share premium	**106,605**	106,605
Total parent company share capital and share premium	**107,561**	107,561

22. COMMITMENTS AND GUARANTEES

Guarantees

Select entities of the Group form the Obligor group which guarantee the Group's Senior Facilities.

Liberty Zeta Limited has guaranteed Stamperia Olonia SRL's obligations under its Term Loan Facility.

Some of the Company's subsidiaries have taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit As a condition of the exemption, the Company has guaranteed the year-end liabilities of the relevant subsidiaries until they are settled in full. The net liabilities of the subsidiaries at the year-end were £6,319,000 (2022: £3,254,000).

Audit Exemption under section 479A of the Companies Act 2006

The Directors consider that subsidiaries of the Group are entitled to exemption from the requirement to have an audit under the provision of section 479A of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

Liberty Zeta Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the period ended 28 January 2023:

- Liberty Gamma Holdings Limited
- Liberty Alpha Limited
- Liberty Limited
- Liberty of London Limited
- Liberty Theta Limited
- Liberty Kappa Limited
- Liberty Investment Limited
- Christys and Co. Limited
- C W Headdress Limited
- Liberty Lease Limited

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

23. RELATED PARTY DISCLOSURES

Liberty Zeta Limited is the ultimate parent company of the Group. In the opinion of the Directors there is no ultimate controlling party.

The land and buildings utilised by Stamperia Olonia SRL are owned by one of the Directors of Stamperia Olonia SRL. Stamperia Olonia SRL pays rent for occupying and utilising the land and buildings. Rent of £663,000 (2022: £604,000) was paid during the period. In addition, Stamperia Olonia SRL pays to market its business to a company owned by one of the Directors of Stamperia Olonia SRL. Marketing of £98,000 (2022: £102,000) was paid during the period.

In addition to the above, Liberty Retail Limited purchased goods totalling £248,000 (2022: £82,000), from Descomed Limited, which is an entity included within the BlueGem fund portfolio.

During the year, the Directors and connected parties of Liberty Zeta Limited have purchased goods amounting to £170,000 (2022: £115,000) from Liberty Retail Limited, a wholly owned subsidiary. No amounts were outstanding at the end of the year (2022: £nil).

The results of the company are not consolidated into the results of any other company.

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

In the opinion of the Directors there is no ultimate parent undertaking and controlling party.