Registered number 05758084

Liberty of London Limited

Annual Report and Financial Statements

For the 52 week period ended

28 January 2023

LIBERTY OF LONDON LIMITED

COMPANY INFORMATION

Directors

Adil Mehboob-Khan
Robert Unsworth

Registered Address

210-220 Regent Street
London
W1B 5AH

Banker

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LIBERTY OF LONDON LIMITED

STRATEGIC REPORT
for the 52 week period ended 28 January 2023

Principal activities

The principal activities of the Company are the creation and development of a luxury goods brand, which are retailed in the Liberty Flagship retail store situated in Great Marlborough Street, London (the "Flagship Store") and online through the Liberty website.

Operations continue to focus on further product development in specialised categories and to retail those products in the Flagship Store, online and to wholesale customers.

Business review and future developments

The results for Liberty of London Limited for the 52 week period ended 28 January 2023 are set out on page 6.

The Directors use a number of KPIs which they consider to be effective in measuring delivery of their strategy, and which assist in the management of the business. The Directors assess business performance by monitoring changes in sales, margins and profitability.

The Company is expected to continue to create new product lines with no changes expected to the principal activities.

Principal risks and uncertainties

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

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

Changes in fashion trends

The Company 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 Liberty Group's (the "Group") 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.

Fluctuations in commodity prices

The Company 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 Company. The Company will attempt to safeguard against this by engaging with a number of different raw material providers across different countries.

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

On behalf of the board

Robert Unsworth
Director
210-220 Regent Street
London W1B 5AH

30 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, were:

Robert Unsworth
Adil Mehboob-Khan

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 Dividends

The Company generated profit before taxation of £429,000 (2022: loss of £367,000). The Directors do not recommend the payment of a dividend (2022: £nil).

Financial risk management

Foreign exchange fluctuations

The Company pays a significant proportion of its purchases in foreign currency. Liberty Zeta Limited, the Company's ultimate parent company, mitigates the effect of adverse movements in exchange rates on a group basis by matching purchases with the currency of sales receipts elsewhere in the group.

Market risk

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The risk to the Company arises principally from the Company's receivables from customers, inter group receivables and from deposits with financial institutions. The Company manages its credit risk by making sure all new customers are credit checked, appropriate credit limits are set and proforma payments are required for international accounts.

Tax

The Company is exposed to financial risks from increases in tax rates and changes in the basis of tax, including corporation tax and VAT. The engagement of experienced executives within the Company and by its parent undertakings to handle these matters enhances the protection to the Company in this area of its activities. The Company also maintains 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.

Employment

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 Yammer, an enterprise social network and the quarterly "Liberty Forum" led by the senior management team.

The health and safety of employees is important to the Group. This is reviewed periodically in light of good practice and developing legislation.

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.

Going concern

The financial statements have been prepared on a going concern basis in view of the fact that the parent undertaking Liberty Zeta Limited has formally indicated that it is its present intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least the next twelve months. The Directors have no reason to believe that the parent company will not be in a position to provide the support referred to above and, accordingly, they have prepared the financial statements on a going concern basis.

Section 172 statement

All information in respect of our reporting requirements under S172 of the Companies Act is included in the Liberty Zeta Limited group accounts. Liberty Zeta Limited accounts are available to the public and may be obtained from the address given in note 13.

Auditor

In accordance with section 479a of the Companies Act 2006, the company is exempt from the obligation to appoint auditors.

On behalf of the Board

Robert Unsworth
Director
210-220 Regent Street
London W1B 5AH

30 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 financial statements in conformity with the Companies Act 2006, including Financial Reporting Standard 101 (reduced disclosure framework) (FRS 101). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies 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 FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;

- in respect of the financial statements, state whether FRS 101 has 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 will not continue in business.

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

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

LIBERTY OF LONDON LIMITED

STATEMENT OF COMPREHENSIVE INCOME
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		**6,902**	3,237
Cost of sales		**(3,362)**	(1,905)
Gross profit		**3,540**	1,331
Selling and distribution costs	2	**(2,146)**	(1,547)
Administrative expenses		**(958)**	(142)
Operating loss	3	**436**	(357)
Financing Costs		**(7)**	(10)
Profit/(loss) before tax		**429**	(367)
Taxation	4	**-**	-
Profit/(loss) for the financial period		**429**	(367)

All results relate to continuing operations.

LIBERTY OF LONDON LIMITED

STATEMENT OF FINANCIAL POSITION
as at 28 January 2023

	Note	**28 January 2023 £000**	29 January 2022 £000
Non-current assets			
Intangible assets	5	**362**	143
Property, plant and equipment	6	**12**	19
Right of Use asset	11	**257**	296
		631	459
Current assets			
Inventories	7	**1,352**	987
Trade and other receivables	8	**3,709**	2,607
Cash and cash equivalents		**289**	354
		5,350	3,947
Total assets		**5,981**	4,407
Current liabilities			
Lease liability	11	**(48)**	(46)
Trade and other payables	9	**(8,124)**	(6,938)
		(8,172)	(6,984)
Net current liabilities		**(2,822)**	(3,036)
Non-current liabilities			
Lease Liability	11	**(225)**	(266)
Total liabilities		**(8,397)**	(7,251)
Net liabilities		**(2,416)**	(2,845)
Equity			
Called up share capital	10	**13,360**	13,360
Accumulated losses		**(15,776)**	(16,205)
Total equity		**(2,416)**	(2,845)

The Notes on pages 9 to 18 form part of these financial statements.

The Company does not have any cash flows and as such a cash flow statement and the related notes have not been prepared.

For the financial year in question, the company was entitled to exemption from audit under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its financial statements for the period in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

The financial statements on pages 6 to 8 were approved by the Board of Directors on 30 June 2023 and signed on its behalf by:

Robert Unsworth
Director

LIBERTY OF LONDON LIMITED

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

	Called Up Share Capital	Accumulated Losses	Total Equity
	£000	**£000**	**£000**
Balance at 30 January 2021	13,360	(15,838)	(2,478)
Total comprehensive expense for the period			
Loss for the period	-	(367)	(367)
Balance at 29 January 2022	13,360	(16,205)	(2,845)
Total comprehensive income for the period			
Profit for the period	-	429	429
Balance at 28 January 2023	13,360	(15,776)	(2,416)

1. ACCOUNTING POLICIES

Basis of preparation

Liberty of London Limited (the "Company") is a company incorporated in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Liberty Zeta Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Liberty Zeta Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in note 14.

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost convention.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 91 to 99 IFRS 13 Fair Value Measurement (disclosure of valuation techniques and inputs used for fair value measurement of the assets and liabilities)
- Paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- Paragraph 17 of IAS 24 Related Party Disclosure
- IAS 24 Related Party Disclosure to disclose related part transactions entered into between two or more member of the Group
- Paragraphs 30 and 31 of IAS 8 Accounting Policies, Change in Accounting Estimates and Errors
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135€ of IAS 36 Impairment of Assets

Going Concern

Having discussed the basis of preparation and the assumptions underlying the Group's projections (of which the company forms a part), the Directors have a reasonable expectation that the Company will be able to meet its liabilities as they fall due for the twelve months from the end of the reporting period. It is on this basis that the Directors consider it appropriate to prepare the financial statements on a going concern basis.

1. ACCOUNTING POLICIES (continued)

Use of estimates and judgements

The preparation of financial statements requires management 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 year in which the estimate is revised and in any future years 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:

- 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. See note 7.

- Development costs - The Company 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 5.

- 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. See note 11.

- Sales returns – the company sells retail products with the right of return and experience is used to estimate and provide the value of such returns. Management reviewed the methodology and key assumptions used in determining the sales return provision, such as our returns policy, actual sales, actual returns % for both store and web, and the past utilisation of the provision, as well as the sensitivity of these assumptions when reviewing the appropriateness of the provision. Management are satisfied that the assumptions used and the period end provision were reasonable.

- 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. See note 4.

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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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.

1. ACCOUNTING POLICIES (continued)

Financial assets (continued)

The Company'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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

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

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 Company'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.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

1. ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Receivables

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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 Company'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 Company. 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)

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 Company 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 statement of comprehensive income. 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.

Revenue

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services 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 is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

Cost of Sales

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

Other income

Other income consists of income received through the ordinary course of business. It relates to royalty income from licensing activities. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

Foreign exchange

Transactions in foreign currencies are translated 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 translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on transactions are recognised in the statement of comprehensive income.

Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value. No financial derivatives are held by the Company.

An allowance is recognised for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss. For trade receivables the Company has established a provision matrix that is based on historic credit loss experience. The risk on trade receivables is low and therefore no impact on applying this approach to these financial statements.

Cash and cash equivalents comprise cash balances and call deposits.

Equity

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

1. ACCOUNTING POLICIES (continued)

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income 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 tax purposes. In accordance with IAS 12, 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.

Intangible assets

Design Archive - internally generated

The Company 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 Company 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)

Property, plant and equipment

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

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, over the following periods:

Fixtures, fittings and equipment	5 years

The carrying values of property, plant and equipment are reviewed for impairment indicators annually and if an event or change in circumstance indicates the carrying value may not be recoverable.

Inventories

Inventories are stated at the lower of cost and net realisable value. Provisions against book values are recorded principally by reference to the age of stock. 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.

Cash and Cash Equivalents

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.

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 statement of comprehensive income 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.

2. STAFF NUMBERS AND COST

The monthly average full time equivalent number of staff was as follows:

	52 week period ended 28 January 2023 £000	52 week period ended 29 January 2022 £000
Selling and distribution	**5**	4
Design and production	**17**	12
	22	16

The payroll cost of the Company was as follows:

	52 week period ended 28 January 2023 £000	52 week period ended 29 January 2022 £000
Wages and salaries	**804**	795
Social security costs	**93**	87
Other pension costs	**33**	33
	930	915

All staff are employed and paid by the Company's immediate parent undertaking. Liberty Retail Limited, and their costs are recharged to the Company.

In respect of the grant income, the group claimed amounts from HMRC in respect of the Coronavirus Job Retention Scheme (CRJS) totalling £nil (2022: £472,000). The amount recharged and recognised in Liberty of London Limited was £nil (2022: £3,000).

Directors emoluments

The Directors were paid £nil by the Company for their qualifying services received during the period (2022: £nil). Two Directors (2022: two) received remuneration in respect of services to it's immediate parent undertaking and subsidiary undertakings. It is not possible to apportion the amount paid to these Directors for qualifying services to this company, however total remuneration of £1,342,000 (2022:£1,154,000) was borne by Liberty Retail Limited.

3. OPERATING PROFIT/(LOSS)

	52 week period ended 28 January 2023 £000	52 week period ended 29 January 2022 £000
Operating Profit/(loss) is stated after charging/(crediting) the following:		
Depreciation - fixed assets owned	**7**	10
Depreciation - right of use asset	**39**	47
Amortisation	**-**	(6)
Grant Income	**-**	(3)

The full value of the grant income amounted to £nil (2022: £2,776,000) claimed by Liberty Retail Limited from HMRC in respect of the Coronavirus Job Retention Scheme. The amount recharged and recognised in the statement of comprehensive income of Liberty of London Limited amounted to £nil (2022: £3,000).

4. TAXATION

The tax charge for the period in the statement of comprehensive income was £nil (2022: £nil).

	52 week period ended 28 January 2023 £000	52 week period ended 29 January 2022 £000
Current tax		
Total UK tax suffered in the period	-	-
Total current tax for the period	-	-
Deferred tax:		
Total UK tax suffered in the period	-	-
Total deferred taxation charge	-	-
Total tax charge	-	-

The total 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) before tax	**426**	(367)
Profit/(loss) before tax multiplied by the standard rate in the UK 19% (2022: 19%)	**81**	(70)
Effects of:		
Adjusting closing deferred tax rate	-	-
Movement in deferred tax not recognised	**(81)**	70
Current tax charge	-	-
Total tax charge	-	-

The Company has gross tax assets totalling £4,679,000 (2022: £5,104,000) on which deferred tax assets have not been recognised.

The potential deferred tax asset of £1,170,000 (2022: £1,276,000), which relates to trading losses and timing differences, has not been recognised on the 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 Statement of Financial Position at 28 January 2023 but continue to be available as required.

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.

5. INTANGIBLE ASSETS

	Design Archive £000
Cost	
At 29 January 2022	**143**
Additions	**219**
At 28 January 2023	**362**
Accumulated depreciation	
At 29 January 2022	-
Depreciation	-
At 28 January 2023	-
Net Book Value at 28 January 2023	**362**
Net Book Value at 29 January 2022	**143**

6. PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings & equipment £000	**Total £000**
Cost		
At 30 January 2022	135	135
Additions	-	-
At 28 January 2023	**135**	**135**
Accumulated depreciation		
At 30 January 2022	(116)	(116)
Depreciation charge for period	(7)	(7)
At 28 January 2023	**(123)**	**(124)**
Net Book Value at 28 January 2023	**12**	**12**
Net Book Value at 29 January 2022	19	**19**

7. INVENTORIES

	28 January 2023 £000	29 January 2022 £000
Raw materials and consumables	661	551
Work in progress	-	5
Finished goods	691	432
	1,352	987

£3,421,000 (2022: £1,966,000) of inventory was recognised within cost of sales in the period.

The net realisable value of inventory is reviewed on a divisional basis. Provisioning is based on the achieved margin for each product line. Imperfect and obsolete inventory is fully provided for.

8. TRADE AND OTHER RECEIVABLES

	28 January 2023 £000	29 January 2022 £000
Trade receivables	1,965	1,000
Amounts due from fellow group undertakings	-	-
Prepayments and accrued income	176	46
Other receivables	1,568	1,560
	3,709	2,607

Balances with fellow group undertakings are payable on demand and are not interest bearing.

The amount of the provision on trade receivables was £19,000 as of 28 January 2023 (2022: £26,000).

9. TRADE AND OTHER PAYABLES

	28 January 2023 £000	29 January 2022 £000
Trade payables	133	172
Amounts owed to fellow group undertakings	4,253	4,192
Accruals and deferred income	3,737	2,573
	8,124	6,938

Balances with fellow group undertakings are payable on demand and are not interest bearing.

10. CALLED UP SHARE CAPITAL

ALLOTTED, CALLED UP AND FULLY PAID	28 January 2023 £000	29 January 2022 £000
Called up Ordinary Shares		
13,360,002 (2022: 13,360,002) ordinary shares of £1 each	**13,360**	13,360

11. LEASES

Right of Use Asset

The Company's leases consist of real estate. There was no restatement for leases for the year ended 28 January 2023.

	Real Estate £'000
At 29 January 2022	296
Depreciation	(39)
At 28 January 2023	257

Lease liability

	Current £'000	Non-current £'000	Total £'000
At 29 January 2022	46	266	**312**
Interest	7	-	**7**
Repayments	(46)	-	**(46)**
Transfers	41	(41)	-
At 28 January 2023	**48**	**225**	**273**

The weighted average discount rate is 2.03% (2022: 2.06%). Transfers are the movement of leases from non-current to current liabilities at the end of the period.

12. GUARANTEES

The Company is a guarantor of the Group's Senior Facilities. and certain assets are pledged as part of the guarantee.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Liberty Limited. a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Liberty Zeta Limited. a company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Liberty Zeta Limited. The consolidated financial statements of this group are available to the public and may be obtained from 210-220 Regent Street London W1B 5AH.