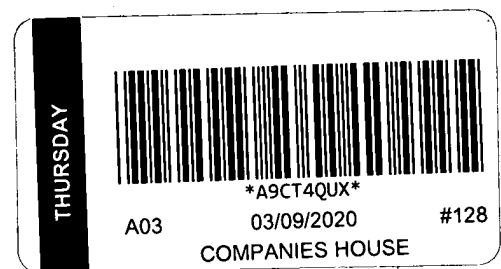


Company Registration No. 08850177 (England and Wales)

J BRAND EUROPE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 August 2019



J BRAND EUROPE LTD

COMPANY INFORMATION

Directors

Y Arieven
T Okazaki
T Yanai
D Tandon

Secretary

Vistra Trust Company Limited

Company number

08850177

Registered office

114-116 Marylebone Lane
London
W1U 2HH

Auditor

Deloitte-LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

J BRAND EUROPE LTD

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J BRAND EUROPE LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 August 2019

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 August 2019.

Principal activities

The principal activity of the Company was the sale of fashion clothing manufactured and supplied by group companies and sold via wholesale channels.

Business Review

Trade in 2018/19 remained steady despite the tougher overall retail outlook with only a slight drop in year on year sales. Considering the retail environment in which our wholesale partners are operating this is a reasonably good result. In what was a challenging year, full of general uncertainty, we have seen very few failures.

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend, (2018: £nil).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Y Arieven
T Okazaki
T Yanai
D Tandon

Directors' indemnities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Financial instruments

The company finances its activities with a combination of intercompany borrowings and cash. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

Financial instruments give rise to foreign currency, interest rate, credit, price, cash flow and liquidity risk.

Foreign currency risk

The company buys stock in USD, with sales being made in GBP and EUR, therefore a foreign currency risk arises. The company does not hedge due to group policy therefore fluctuations in exchange rates could affect profitability of the company.

Credit risk, price risk, liquidity and cash flow risk

The company purchases inventory from group undertakings, at prices and terms set by the parent companies. In addition, the principal financing comes from intercompany borrowings. Accordingly all of these risks are interlinked and managed on a group-wide basis by the parent company.

Going Concern

As described in note 19, COVID-19 may have an impact on future trading. Whilst it is not yet possible to quantify any impact from this on future trading, it is possible that the company will need to rely on parent company support and funding. The revolving loan facility has also been extended to 26/02/2021. Having assessed principal risks, other matters considered in relation to COVID-19, and inquiries made of the parent company regarding their ability to be able to provide the support and extending the revolving loan facility to 26/02/2021, the directors are of the opinion that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Future developments

In a mature and well distributed market, the E-Commerce channel is an area the business plans to grow in the coming year through the introduction of an EU focused release of a J Brand E-Commerce store.

There will be an increased focus on the menswear market in the UK alongside building on the foundations set during the past financial year to increase sales and distribution throughout the UK.

We have continued to monitor the ongoing Brexit situation and believe that our current bonded warehouse will be sufficient to mitigate any risk, especially due to our very low level of EU sales.

J BRAND EUROPE LTD
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 August 2019

Contingent liabilities

The Directors confirm that there is a contingent liability in favour of HM Customs & Excise, please see note 20 for details.

Post balance sheet events

The Directors confirm that the intercompany loan has been renewed for another year after the date of the balance sheet, please see Note 19 for details.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Directors have made use of the small companies exemption from preparing a Strategic report.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Re-appointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Deloitte LLP as auditors will be put to the members at the Annual General Meeting.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under S415a of the Companies Act 2006.

This report was approved by the board and signed on its behalf



Y Arieven
Director
26-Aug-20

J BRAND EUROPE LTD
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF J BRAND EUROPE LTD

Opinion

In our opinion the financial statements of J Brand Europe Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

J BRAND EUROPE LTD
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF J BRAND EUROPE LTD

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

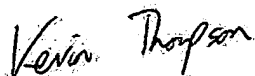
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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



Kevin Thompson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
Date 01-Sep-2020

J BRAND EUROPE LTD
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 August 2019

		2019	2018
	Notes	£	£
Turnover	4	6,914,675	7,356,790
Cost of sales		(4,251,521)	(4,439,494)
Gross profit		2,663,154	2,917,296
Distribution expenses		(240,970)	(199,157)
Administrative expenses		(2,236,938)	(2,291,220)
Other operating income/expense		(52,331)	-
Operating profit	5	132,915	426,919
Interest payable	8	(17,805)	(11,754)
Profit before taxation		115,111	415,165
Tax on profit	9	(25,820)	41,241
Profit and total comprehensive income for the financial year	17	89,291	456,406

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income or loss in the year therefore no separate statement is disclosed. All profits/losses are attributable to the equity shareholders of the Company.

J BRAND EUROPE LTD
BALANCE SHEET
AS AT 31 August 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible fixed assets	10	17,232	124,787
Current assets			
Stocks	11	1,670,846	1,576,873
Debtors	12	781,132	1,033,584
Cash at bank and in hand		1,722,137	1,610,244
		<u>4,174,115</u>	<u>4,220,701</u>
Creditors: amounts falling due within one year			
Creditors	13	2,306,302	2,411,609
Taxation and social security		92,263	204,197
		<u>2,398,565</u>	<u>2,615,806</u>
Net current assets		<u>1,775,550</u>	<u>1,604,895</u>
Total assets less current liabilities		<u>1,792,781</u>	<u>1,729,682</u>
Creditors: amounts falling due after more than one year			
Provisions	14	-	11,741
Net assets		<u>1,792,781</u>	<u>1,717,941</u>
Capital and reserves			
Called up share capital	16	1,200,000	1,200,000
Profit and loss reserves	17	592,781	517,941
Total equity		<u>1,792,781</u>	<u>1,717,941</u>

This report has been prepared in accordance with the FRS 101 Reduced Disclosure Framework.

The financial statements were approved by the board of directors and authorised for issue on 26 August 2020 and are signed on its behalf by:



Y Arieven
 Director

Company Registration No. 08850177

J BRAND EUROPE LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 August 2019

		Share capital	Retained earnings	Total
		£	£	£
	Notes			
Balance at 01 September 2017	16	1,200,000	61,535	1,261,535
Profit and total comprehensive income for the year		-	456,406	456,406
Balance at 31 August 2018		<u>1,200,000</u>	<u>517,941</u>	<u>1,717,941</u>
Profit and total comprehensive income for the year	17	-	89,291	89,291
Balance at 31 August 2019		<u><u>1,200,000</u></u>	<u><u>607,232</u></u>	<u><u>1,807,232</u></u>

J BRAND EUROPE LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 August 2019

1 Authorisation of financial statements and statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The results of J Brand Europe Ltd are included in the consolidated financial statements of Fast Retailing Co., Ltd, who are the ultimate parent and produce publically available group financial statements. More details on the parent company can be found in Note 22.

J Brand Europe Ltd is incorporated in the United Kingdom and domiciled in England and Wales.

The principal accounting policies adopted by the Company are set out in note 3.

2 Critical accounting judgements and key sources of estimation uncertainty

In the course of preparing the financial statements, no judgements have been made in the process of applying the accounting policies that have had a significant effect on the amounts recognised in the financial statements.

3 Accounting policies

Company information

J Brand Europe Ltd is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is 114-116 Marylebone Lane, London, W1U 2HH. For the principal activities of the Company please see the Directors' Report on Page 1.

The Functional Currency of the Company is GBP.

3.1 Accounting convention

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 August 2019.

The financial statements are prepared under the historical cost convention. The company has adopted IFRS 9 and 15 for the first time this financial year. It has not had any effect on the financial statements.

The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38C and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of new and revised Standards not yet effective.

Where required, equivalent disclosures are given in the group accounts of Fast Retailing Co., Ltd. The group accounts of Fast Retailing Co., Ltd are available to the public and can be obtained as set out in note 22.

The company's financial statements are presented in sterling and all values are rounded to the nearest pound except when otherwise indicated. The company makes no material estimations that have a significant risk of misstating the accounts.

J BRAND EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 August 2019

3 Accounting policies (continued)

3.2 Going concern

The directors have considered a period of 12 months from the date of approval of these financial statements and, based on their assessment of the resources available from within the group, have a reasonable expectation that the company has sufficient resources to continue in operational existence for the foreseeable future. The group company has additionally provided a letter of support. Despite the potential impact of COVID-19 as discussed in the Directors' report, the directors continue to adopt the going concern basis in preparing the financial statements.

3.3 Turnover

Turnover is measured at the fair value of the consideration received and represents amounts receivable for goods and services provided in the normal course of business, net of returns, discounts, VAT and other sales related taxes. Sales of merchandise are recognised when title passes to the customer, either on receipt or collection. A provision for sales returns is made based on average historical return rates.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold land and buildings	10% straight line
Fixtures, fittings & equipment	20% straight line
Plant and machinery	25% straight line

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the assets may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

3.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, transportation, duty and hanging costs and uses the weighted average cost formula. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

3.6 Cash and cash equivalents

Cash and cash equivalents is made up of cash in hand and cash held in bank accounts.

3.7 Financial assets

Initial Recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss or loans and receivables as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

J BRAND EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 August 2019**

3 Accounting policies (continued)

3.7 Financial assets (continued)

Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. 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 in finance revenue in the profit or loss account. The losses arising from impairment are recognised in the profit and loss account in other operating expenses.

3.8 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in profit or loss.

3.9 Trade and other debtors

Trade and other debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. There have been no expected credit losses or any other impact on adoption of IFRS 9.

3.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

3.11 Employee benefits

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

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

J BRAND EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 August 2019

3 Accounting policies (continued)

3.12 Retirement benefits

The company operates a defined contribution pension scheme. Contributions are charged to the Profit and Loss account as they become payable in accordance with the rules of the scheme.

3.13 Leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to profit or loss on a straight line basis over the lease term.

3.14 Foreign exchange

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency), currently GBP.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying a monthly rate relevant for that transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

4 Turnover

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover		
Sale of goods	<u>6,914,675</u>	<u>7,356,790</u>
Turnover analysed by geographical market		
	2019 £	2018 £
United Kingdom	5,731,904	6,388,060
Europe	1,182,771	968,730
	<u>6,914,675</u>	<u>7,356,790</u>

5 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange loss/(gain)	71,417	(21,552)
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	20,000
Depreciation of property, plant and equipment	20,340	25,354
Cost of inventories recognised as an expense	3,831,381	4,086,518
Write down/(up) of inventories recognised as an expense/(income)	<u>68,688</u>	<u>(114,780)</u>

J BRAND EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 August 2019

6 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2019 £	2018 £
Fees payable to the company's auditor for the audit of the company's annual accounts	20,000	20,000

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Admin	3	3
Sales	6	8
	9	11

Their aggregate remuneration comprised of employment costs as detailed below, which also include £281,240 (2018 - £317,964) in respect of wages and salary costs recharged from a group company and temporary wages of £nil (2018 - £nil).

Employment costs	2019 £	2018 £
Wages and salaries	833,566	966,476
Social security costs	77,213	87,556
Pension costs	11,021	16,360
	921,800	1,070,392

Directors' remuneration

The directors of the company during the year are remunerated by the ultimate parent undertaking. The UK company is a very small element of the group and the directors therefore do not consider it practicable to apportion remuneration to their services as directors of the UK company. As such the directors do not consider that they have received any remuneration for their incidental service during the year.

J BRAND EUROPE LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 August 2019

8 Finance costs	2019	2018
	£	£
Asset retirement obligation interest	-	197
Loan interest payable	17,805	11,557
	<u>17,805</u>	<u>11,754</u>

Interest payable on loans represents amounts due to Fast Retailing France SAS, a fellow subsidiary.

9 Income tax expense/(credit)	2019	2018
	£	£
Corporation tax		
Current year	25,820	(41,241)

The (credit)/charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2019	2018
	£	£
Profit before taxation on continued operations	115,111	415,165
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2018 - 19%)	21,871	78,881
Taxation impact of factors affecting tax (credit)/charge:		
Adjustment in respect of prior years	-	(126,668)
Expenses not deductible in determining taxable profit	(44)	3,507
Chargeable gains	19,000	-
Group relief	(17,214)	-
Capital allowances in excess of depreciation	(890)	(1,047)
Depreciation in excess of capital allowances	3,097	4,086
Total adjustments	3,949	(120,122)
Tax (credit)/charge for the year	<u>25,820</u>	<u>(41,241)</u>

The Finance (No.2) Act 2015 reduced the rate of Corporation tax from 1 April 2017 to 19% and by a further 1% to 18% from 1 April 2020. In the 2016 Budget, it was announced that the rate of Corporation tax from 1 April 2020 will be reduced further to 17%. This rate received Royal Assent on 15 September 2016. Management has assessed that the deferred tax will unwind by April 2020, as such, the rate of 19% has been used to recognise the deferred tax.

J BRAND EUROPE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 August 2019

10 Tangible fixed assets

	Leasehold land and buildings	Fixtures, fittings & equipment	Plant and machinery	Total
	£	£	£	£
Cost				
At 01 September 2018	128,006	37,161	39,269	204,436
Additions	-	-	921	921
Disposals	(128,006)	-	-	(128,006)
At 31 August 2019	-	37,161	40,190	77,351
Accumulated depreciation				
At 01 September 2018	30,352	25,099	24,198	79,649
Charge for the year	9,515	6,752	4,071	20,338
Disposals	(39,867)	-	-	(39,867)
At 31 August 2019	-	31,851	28,269	60,120
Carrying amount				
At 31 August 2018	97,654	12,062	15,071	124,787
At 31 August 2019	-	5,310	11,921	17,231

11 Stocks

	2019 £	2018 £
Finished goods	1,670,846	1,576,873
	<u>1,670,846</u>	<u>1,576,873</u>

12 Debtors

	2019 £	2018 £
Trade debtors	882,751	1,023,792
Provision for bad and doubtful debts	(103,268)	(134,281)
	<u>779,483</u>	<u>889,511</u>
Other receivables	-	76,441
Prepayments	1,649	67,632
	<u>781,132</u>	<u>1,033,584</u>

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost. No amounts are due after more than one year.

J BRAND EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 August 2019

13 Creditors

	Due within one year	
	2019	2018
	£	£
Trade creditors	207,442	242,869
Amounts due to fellow group undertakings	1,785,107	2,002,659
Accruals	266,986	166,081
Other creditors	46,767	-
	<u>2,306,302</u>	<u>2,411,609</u>

Included above is the full revolving loan from a fellow subsidiary Fast Retailing France SAS of £1,200,000 (2018 - £1,200,000) that is unsecured and bears interest at BBA LIBOR plus 0.45%. This loan is renewable on an annual basis. Other amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14 Provisions

	Asset Retirement Obligations	Total Provision
	£	£
At 01 September 2018	11,741	11,741
Written off in the year	(11,741)	(11,741)
At 31 August 2019	<u>-</u>	<u>-</u>

15 Retirement benefit schemes

Defined contribution schemes

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

The total costs charged to income in respect of defined contribution plans is £11,021 (2018 - £16,360). At the balance sheet date £nil (2018 - £nil) was prepaid to the scheme and £1,429 (2018 - £2,153) was owed to the scheme.

16 Share capital

	2019	2018
	£	£
Ordinary share capital		
<i>Issued and fully paid</i>		
1,200,000 Ordinary shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>

J BRAND EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 August 2019

17 Retained earnings

	£
At 01 September 2018	517,941
Profit for the year	89,291
	<hr/>
At 31 August 2019	607,232
	<hr/>

18 Contingent liabilities

There is a duty deferment guarantee in favour of HM Customs & Excise of £500,000 (2018 - £500,000).

19 Post balance sheet events

The revolving loan from a fellow subsidiary Fast Retailing France SAS of £1,200,000 has been confirmed to be renewed for the financial year ending 31st August 2020. This is a non adjusting event.
Covid-19 was declared as a pandemic on 11th March 2020 and the directors continue to monitor the ongoing situation regarding Covid-19 and the potential impact on the future operating results and cash flows as well as the value of assets on the balance sheet. Whilst it is not possible to quantify any impact on future trading, it is concluded there is no material impact on the assets of the company and having considered the financial resources available to the company the financial statements have been prepared using the going concern basis of accounting.

20 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2019	2018
	£	£
Minimum lease payments under operating leases	-	179,169

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	-	95,000
Between two and five years	-	221,667
	<hr/>	<hr/>
	-	316,667
	<hr/>	<hr/>

21 Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly-owned subsidiaries.

22 Controlling party

The immediate parent undertaking is Fast Retailing UK Ltd, a company incorporated in the United Kingdom by virtue of the 100% shareholding in J Brand Europe Ltd, registered address 6th floor, 1 Kingsway, London WC2B 6AN.

The ultimate parent undertaking and controlling party is Fast Retailing Co., Ltd, a company incorporated in Japan. The Company is included within these group accounts.

The financial statements of Fast Retailing Co., Ltd are available to the public and may be obtained from 717-1 Oaza Sayama, Yamaguchi city, Yamaguchi 754-0894, Japan.