

Victoria Beckham Holdings Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 11043864



Victoria Beckham Holdings Limited

Contents

	Page
Company Information	
Group Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11 - 12
Company Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Company Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16 - 17
Notes to the Financial Statements	18 - 37

Company Information

Directors	V C Beckham D Belhassen S R Fuller E Hanouna O S Shipton R Toledano N J Howson
Company secretary	Abogado Nominees Limited
Registered number	11043864
Registered office	202 Hammersmith Road London W6 7DN
Independent auditor	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

Victoria Beckham Holdings Limited

Group Strategic Report For the Year Ended 31 December 2020

Introduction

The Directors present their review of the Group's financial and strategic performance during the year ended 31 December 2020.

Business review

The principal activity of the Group continued to be the operation of the "Victoria Beckham" global luxury fashion brand and the "Victoria Beckham Beauty" brand launched in October 2019. The principal activity of the parent company was that of a holding company.

- Total revenue for the Group was £36.1m, which was down 6% versus 2019 (£38.3m) due to the effects of the global pandemic. Retail stores were forced to close for much of 2020 due to COVID-19 and this adversely impacted the performance of our wholesale business and our flagship store in London.
- The reduced demand from retail and wholesale was partially offset by continuous growth in our digital channel and a full year's trading of the Victoria Beckham Beauty business where the Group holds an 85% shareholding.
- Victoria Beckham Beauty continued to expand its portfolio with a number of successful product launches in the year which helped to establish the brand as the best in class in clean, luxury beauty and skincare.
- The Group rapidly responded to the effects of the pandemic and controlled its cash and expenditure, this led to a significant reduction in its operating losses by 57% thanks to cost efficiencies across the business and the re-calibration of its business model to make it sustainable for the longer-term. Operating losses were more than halved from (£15.6m) in 2019 to (£6.8m) in 2020.

Financial key performance indicators

The Group has enhanced its governance and the reporting of key performance indicators (KPIs) to ensure optimal business performance. The Directors monitor the progress on the strategy by reference to the following core KPIs:

- **Sales evolution:** the significant impact of COVID-19 was partially offset by digital sales momentum and the continued growth of the new Victoria Beckham Beauty business which helped to stem the downturn in revenues to a 6% reduction on last year (2019: +7%).
- **Operating costs reduction:** cost discipline and the successful implementation of a new model in Q4 for the long term resulted in a 22% reduction in the cost base year-on-year.
- **EBITDA improvement:** the Directors are pleased with the 64% EBITDA improvement for the year. Despite the impact of COVID-19 on revenue, the Group decreased operating losses from £15.6m (FY19) to £6.8m (FY20). The reduced losses resulted from an improvement in the gross margin to 61% from 58% delivered through tighter supply chain management, revenue shifting towards fast growing direct-to-consumer channels and the implementation of a new business model.

Victoria Beckham Holdings Limited

Group Strategic Report (continued) For the Year Ended 31 December 2020

Events since the end of the year

The COVID-19 pandemic has continued to impact trading, with stores carrying the Group's products subject to varying lockdown restrictions. The Group's flagship store was closed until 12 April in line with other UK non-essential retail outlets. Travel restrictions remained effective in the UK until mid-July limiting tourist traffic with a resulting impact on revenues. However, we were encouraged to see that over this period the Company's e-commerce operations saw positive year-on-year growth.

The Board continues to monitor closely the impact on the Group, with rolling forecasts being updated as the situation and restrictions evolve. The Group ensures tight management of its cash and has further benefited from shareholders' cash injections in 2021 of £600,000. This helped to counteract the ongoing impact from COVID-19 and the expansion into a new product category.

In the first half of 2021, our fashion business rolled out a full brand re-positioning, and its two brands Victoria Beckham (VB) and Victoria, Victoria Beckham (VVB) were merged into a single new collection. In July 2021, the Group presented its first collection; PSS22, under one brand; Victoria Beckham, which was warmly received resulting in a very strong double-digit growth in orders over the previous year.

The beauty business continues to launch new lines in skincare and make up. The main new product launch was a range of lipstick; named "Posh," which was widely celebrated by beauty experts and customers alike. Victoria Beckham Beauty has been recognised in the industry for both beauty and skincare, and has won twelve awards this year, most notably Vogue's "Best New" beauty brand and Glamour's Beauty Awards in both the US and the UK.

Principal risks and uncertainties

The Directors assess the principal risks and uncertainties facing the Group in both the short-term and long-term, these are grouped as liquidity risk, commercial risk, currency risk, trademarks & macroeconomic environment.

- **Liquidity Risk:** Liquidity risk for the group arises from the management of working capital commitments and meeting its financial obligations as they fall due. The Group's policy is to review cash flow forecasts and projections regularly as well as information regarding cash balances to ensure that it has significant cash to allow it to meet its liabilities as they become due.
- **Commercial Risk:** The principal commercial risks in the activities of the Group relate to the ability of the brand to design and market products which attract customers to the Group's websites and to our stores. The Group aims to manage this risk by continuing to strengthen design, product, and marketing propositions.
- **Currency Risk:** The Group is also exposed to currency risk by virtue of the proportion of its business being invoiced in foreign currencies. The Group generates cash in foreign currencies enabling risk management.
- **Trademarks:** The Directors recognise the risks associated with not adequately protecting the brand's trademarks. As such, the Group invests strongly in securing and defending intellectual property rights in various product categories and countries.
- **Uncertain global economic environment:** As a result of the COVID-19 pandemic and the economic impact particularly felt by retailers, the Directors continue to review cash forecasts on a regular basis and ensure costs are kept under control. The Group will continue to look ahead and mitigate further risks as they arise.

Victoria Beckham Holdings Limited

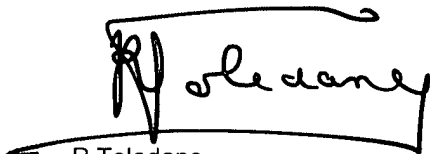
Group Strategic Report (continued) For the Year Ended 31 December 2020

Stakeholder Engagement and Section 172(1) of the Companies Act

The Directors are responsible for promoting the long-term success of the Group by creating and maintaining sustainable value for all stakeholders. This responsibility is discharged by the role the Directors play in reviewing and making decisions with regards to the Group's strategy, approval of budgets, organizational changes, and other key policy changes. The Group's key stakeholders include employees, customers, suppliers, shareholders and the communities and environments in which the Group operates. The Board acknowledges its responsibilities under Section 172 of the Companies Act 2006 and below sets out the key considerations that demonstrate how the directors promote the success of the Company and discharge their duties:

- a) **The likely consequences of any decision in the long term:**
The board meets on a quarterly basis with papers circulated in advance. This enables the directors to fully understand the performance and position of the Company when making decisions of strategic importance. When the Board is approving decisions, the requirements of Section 172 are considered and the potential outcome of the decisions, including the impact on relevant stakeholder groups.
- b) **The interest of the Group's employees:**
The group relies on the skills, experience and commitment of our people to meet our business goals. the Board aim to attract and retain high-quality employees, providing them with the right tools, development and information to be effective in their roles.
- c) **The need to foster the Group's business relationships with suppliers, customers, and others**
 - o **Customers:** The Group brings high-end design and products to our customers. Feedback gathered through the customer experience is measured and reviewed.
 - o **Suppliers:** The Group works alongside suppliers to foster close working relationships.
 - o **Shareholders:** The Group engages with investors in the Company giving them a full understanding of the business including the strategy, growth potential and risks in the business as well as the overall performance of the business. Shareholder meetings are regularly conducted by the Chairman and Senior Management of the Company.
- d) **The impact of the Group's operations on the community and environment**
The Group actively engages with the communities in which the Group and our suppliers operate. The Group works closely with mills, collaborating with them to meet the highest possible standards. The Group's sustainability agenda includes focusing on methods for improving and reducing packaging and using materials which minimise environmental impact.

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



R Toledano
Director

Date: November 19th, 2021

Victoria Beckham Holdings Limited

Directors' Report For the Year Ended 31 December 2020

The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £8,608,581 (2019 - loss £15,884,915).

The Directors do not recommend the payment of a dividend (2019 - £Nil).

Going concern and future developments

The Group meets its day-to-day working capital requirements through equity funding as well as bank facilities.

During the 2020 financial year the ultimate shareholders provided additional loans of £9.2m to the group. The Group settled in full the remaining balance of a £6.1m loan due to HSBC and the balance was used to invest in the strategic plan.

The Group, together with the Board and the leadership team, has developed a strategic plan for the business with the specific focus of re-calibrating the model for the long term and addressing new opportunities afforded by the continual growth of the e-commerce business.

Further information on the going concern position of the Group is provided in note 2 of the financial statements.

Matters covered in the strategic report

Details of post balance sheet events, financial risk management and relationships with suppliers are covered in the Strategic Report.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Streamlined Energy and Carbon Reporting

The Group has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is 40,000kWh or lower as a result of the Group's subsidiaries being exempt from the requirements of the standard.

Directors

The Directors who served during the year and since the year end were:

V C Beckham
D Belhassen
S R Fuller
E Hanouna
R C G Dodds (resigned 8 December 2020)
O S Shipton
R Toledano
A N Magnani (resigned 1 June 2021)
N J Howson (appointed 3 February 2021)

Victoria Beckham Holdings Limited

Directors' Report (continued) For the Year Ended 31 December 2020

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 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;
- 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.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

R Toledano
Director

Date:

November 19th, 2021

Victoria Beckham Holdings Limited

Independent Auditors' Report to the Members of Victoria Beckham Holdings Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the 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.

We have audited the financial statements of Victoria Beckham Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2.3 to the financial statements, which indicates that the Group will require continued shareholder support and financing and that no contractual agreements are in place for this funding. As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Victoria Beckham Holdings Limited

Independent Auditors' Report to the Members of Victoria Beckham Holdings Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and financial statements 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. 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters 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, 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.

Victoria Beckham Holdings Limited

Independent Auditors' Report to the Members of Victoria Beckham Holdings Limited (continued)

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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- discussions with management and those charged with governance regarding known or suspected instances of non-compliance with laws and regulations;
- obtaining an understanding of controls designed to prevent and detect irregularities, including specific consideration of controls and group accounting policies relating to significant accounting estimates;
- obtaining an understanding of the significant laws and regulations impacting the group;
- communicating relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- reviewing minutes of meetings of those charged with governance to identify any instances of non-compliance with laws and regulations; and
- assessing journals entries as part of our planned audit approach, with a particular focus on journal entries to key financial statement areas such as revenue and inventories and journals raised after the year end.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Victoria Beckham Holdings Limited

Independent Auditors' Report to the Members of Victoria Beckham Holdings Limited (continued)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Arbinder Chatwal
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Arbinder Chatwal (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

Date: 19 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Victoria Beckham Holdings Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	36,133,572	38,320,454
Cost of sales		(14,017,863)	(16,126,070)
Gross profit		22,115,709	22,194,384
Distribution costs		(2,077,539)	(4,156,740)
Administrative expenses		(27,372,939)	(33,676,299)
Other operating income	5	582,900	-
Operating loss	6	(6,751,869)	(15,638,655)
Interest receivable and similar income		-	3,141
Interest payable and similar charges	10	(1,919,573)	(930,741)
Loss before taxation		(8,671,442)	(16,566,255)
Tax on loss	11	27,177	(24,935)
Loss for the financial year		(8,644,265)	(16,591,190)
Foreign currency translation differences		58,762	129,415
Other comprehensive income for the year		58,762	129,415
Total comprehensive loss for the year		(8,585,503)	(16,461,775)
Loss for the year attributable to:			
Non-controlling interests		(62,321)	(706,275)
Owners of the parent Company		(8,581,944)	(15,884,915)
		(8,644,265)	(16,591,190)
Total comprehensive loss for the year attributable to:			
Non-controlling interest		(35,684)	(686,990)
Owners of the parent Company		(8,549,819)	(15,774,785)
		(8,585,503)	(16,461,775)

The notes on pages 18 to 37 form part of these financial statements.

Victoria Beckham Holdings Limited
Registered number: 11043864

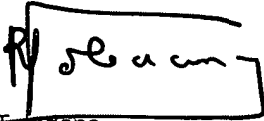
Consolidated Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	12		3,036,712		3,110,175
Tangible assets	13		2,590,445		3,099,655
			<u>5,627,157</u>		<u>6,209,830</u>
Current assets					
Stocks	15	2,308,138		3,541,719	
Debtors: amounts falling due after more than one year	16	585,000		585,000	
Debtors: amounts falling due within one year	16	11,335,491		13,716,865	
Cash at bank and in hand		2,173,309		3,945,447	
		<u>16,401,938</u>		<u>21,789,031</u>	
Creditors: amounts falling due within one year	17	(18,290,428)		(27,546,871)	
Net current liabilities			<u>(1,888,490)</u>		<u>(5,757,840)</u>
Total assets less current liabilities			<u>3,738,667</u>		<u>451,990</u>
Creditors: amounts falling due after more than one year	18		(29,274,918)		(18,325,561)
Provisions for liabilities					
Deferred taxation	20	(56,240)		(83,417)	
Other provisions	21	(1,054,490)		(104,490)	
			<u>(1,110,730)</u>		<u>(187,907)</u>
Net liabilities			<u><u>(26,646,981)</u></u>		<u><u>(18,061,478)</u></u>
Capital and reserves					
Called up share capital	22		1,073,741		1,071,797
Share premium account	23		33,470,106		33,472,050
Foreign exchange reserve	23		(29,705)		(61,830)
Profit and loss account	23		(60,438,449)		(51,856,505)
Equity attributable to owners of the parent Company			<u>(25,924,307)</u>		<u>(17,374,488)</u>
Non-controlling interests			(722,674)		(686,990)
Total equity			<u><u>(26,646,981)</u></u>		<u><u>(18,061,478)</u></u>

Victoria Beckham Holdings Limited
Registered number: 11043864

Consolidated Statement of Financial Position (continued)
As at 31 December 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R. Toledano', enclosed within a hand-drawn rectangular box.

R. Toledano
Director

Date: November 19th, 2021

The notes on pages 18 to 37 form part of these financial statements.

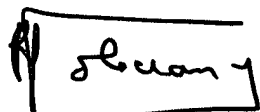
Victoria Beckham Holdings Limited
Registered number: 11043864

Company Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Investments	14		38,332,611		38,332,611
Current assets					
Debtors: amounts falling due within one year	16	25,486,155		14,536,798	
Creditors: amounts falling due within one year	17	(1)		(1)	
Net current assets			25,486,154		14,536,797
Creditors: amounts falling due after more than one year	18		(29,274,918)		(18,325,561)
Net assets			34,543,847		34,543,847
Capital and reserves					
Called up share capital	22		1,073,741		1,071,797
Share premium account	23		33,470,106		33,472,050
Total equity			34,543,847		34,543,847

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The result of the parent company for the year was £Nil (2019 - £Nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



R Toledano
Director

Date: November 14th, 2021

The notes on pages 18 to 37 form part of these financial statements.

Victoria Beckham Holdings Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 January 2019	1,071,797	33,472,050	(171,960)	(35,971,590)	(1,599,703)	-	(1,599,703)
Loss for the year	-	-	-	(15,884,915)	(15,884,915)	(706,275)	(16,591,190)
Foreign currency translation differences	-	-	110,130	-	110,130	19,285	129,415
At 1 January 2020	1,071,797	33,472,050	(61,830)	(51,856,505)	(17,374,488)	(686,990)	(18,061,478)
Loss for the year	-	-	-	(8,581,944)	(8,581,944)	(62,321)	(8,644,265)
Foreign currency translation differences	-	-	32,125	-	32,125	26,637	58,762
Shares issued during the year	1,944	(1,944)	-	-	-	-	-
At 31 December 2020	1,073,741	33,470,106	(29,705)	(60,438,449)	(25,924,307)	(722,674)	(26,646,981)

The notes on pages 18 to 37 form part of these financial statements.

Victoria Beckham Holdings Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital £	Share premium account £	Total equity £
At 1 January 2019	1,071,797	33,472,050	34,543,847
Result for the year	-	-	-
At 1 January 2020	1,071,797	33,472,050	34,543,847
Result for the year	-	-	-
Shares issued during the year	1,944	(1,944)	-
At 31 December 2020	1,073,741	33,470,106	34,543,847

The notes on pages 18 to 37 form part of these financial statements.

Victoria Beckham Holdings Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(8,644,265)	(16,591,190)
Adjustments for:		
Amortisation of intangible assets	769,299	591,360
Depreciation of tangible assets	811,485	814,619
Net interest expense	1,919,573	927,600
Taxation charge	(27,177)	24,935
Decrease in stocks	1,233,581	1,239,869
Decrease/(increase) in debtors	2,381,374	(4,374,628)
(Decrease)/increase in creditors	(1,721,465)	2,632,554
Corporation tax received/(paid)	-	(52,897)
Foreign exchange	59,167	127,514
Net cash used in operating activities	(3,218,428)	(14,660,264)
Cash flows from investing activities		
Purchase of intangible fixed assets	(430,867)	(1,438,153)
Purchase of tangible fixed assets	(567,649)	(649,692)
Interest received	-	3,141
Net cash used in investing activities	(998,516)	(2,084,704)
Cash flows from financing activities		
Repayment of bank loans	(6,125,000)	(3,875,000)
Movement in other bank financing facilities	(1,409,978)	(678,623)
New other and convertible loans	9,224,532	23,472,712
Interest paid	(194,748)	(454,779)
Provisions movement	950,000	-
Net cash generated from financing activities	2,444,806	18,464,310

Victoria Beckham Holdings Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2020

	2020 £	2019 £
Net (decrease)/increase in cash and cash equivalents	(1,772,138)	1,719,342
Cash and cash equivalents at beginning of year	3,945,447	2,226,105
Cash and cash equivalents at the end of year	2,173,309	3,945,447
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,173,309	3,945,447
	2,173,309	3,945,447

The notes on pages 18 to 37 form part of these financial statements.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

The principal activity of the company is that of a holding company, and the principal activity of the group is the operation of the "Victoria Beckham" fashion business and related "Victoria Beckham" brand activities.

The company is a private company limited by shares and is registered in England and Wales. The address of the registered office and principal place of business is 202 Hammersmith Road, London, W6 7DN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.3 Going concern

The Group made a total comprehensive loss in the financial year of £8.6m (2019 - £16.4m) and has been reliant on continued financial support from its shareholders. The Group had net current liabilities of £1.8m (2019 - £5.8m) and net liabilities of £26.6m (2019 - £18.0m) at the year end.

In April 2020, the shareholders repaid the Group's bank loan facility in full and the Group received a further £9.2m from the shareholders to both settle the remaining £6.1m due to HSBC and help sustain the business operations amidst the unprecedentedly challenging economic backdrop caused by the global COVID pandemic. This has, like with many businesses, had a significant impact on the Group as lockdown restrictions have affected both our own store and our wholesale partners. As a result the Group has developed a new strategic plan for the business for the coming three years with specific focus on cost reduction, streamlined operations and creating a model for the long term. The board and shareholders are committed to ensuring the Group has sufficient resources to deliver this strategy.

As part of the Directors' assessment of going concern, management has prepared detailed forecast assessments considering the continuing economic impact of COVID-19, the Group's recent performance, and the requirements to implement the new strategic direction. The directors reviewed their forecasts with specific reference to the ability of the business to meet its liabilities as they fall due and have a reasonable expectation that the Group is able to manage its business risks successfully. The forecasts cover the period beyond the twelve months from the date of signing of these accounts and make allowance for any reasonably foreseeable impacts of the current economic environment.

Following a detailed consideration of these forecasts the directors have determined that further support will be required from its shareholders to further protect the Group from the impact of the economic uncertainty and also assist in the implementation of the change in strategy. However, there are no contractual agreements for this support. This requirement of further funding indicates that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. Despite having no formal confirmation of this continued support the directors have the reasonable expectation that any support will be provided from the shareholders and have accordingly prepared the financial statement on a going concern basis.

The financial statements do not include any adjustments that would result if the going concern basis of preparation were no longer appropriate.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Turnover

Turnover, which is stated excluding VAT and other sales related taxes, is the amount receivable for goods supplied (less returns, trade discounts and allowances), plus royalties and licence fees receivable.

Retail sales, returns and allowances are reflected at the dates of transactions with customers. Wholesale sales are recognised when the significant risks and rewards of ownership have transferred to the customer, with provisions made for expected returns and allowances. Provisions for returns on retail and wholesale sales are calculated based on historical returns levels. Royalties and licence fees receivable from licensees are recognised within turnover when the right to receive the consideration has been earned on the basis of the terms of the relevant royalty or licence agreement.

2.6 Operating leases: the Group as lessee

All leases are treated as operating leases. Their annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Contributions to the Group's defined contribution pension scheme are charged to the Consolidated Statement of Comprehensive Income in the year in which they become payable.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website	-	3 years
Intellectual property	-	10 - 25 years

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 10 years
Fixtures and fittings	- 3 or 4 years, depending on the expected useful life of the asset
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

In determining whether there are indicators of impairment of the Group's tangible assets, factors taken into consideration include the economic viability and expected future financial performance of the asset.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components and presented separately in the Statement of Financial Position.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying value of assets and liabilities. The directors' judgement, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised prospectively.

In assessing whether there have been any indicators of impairment to assets, the directors consider both external and internal sources of information such as market conditions and experience of recoverability and establishes a provision for receivables that are estimated not to be recoverable.

Recoverability of receivables

The Group establishes a provision for receivables that are estimated not to be recoverable or recoupable. When assessing recoverability the directors consider factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of the debtor. When assessing if licensee balances are recoupable the directors consider factors such as the current and likely future sales performance.

Recoverability of the Company's investments

Judgement is applied by management when determining whether there are indicators of impairment of the Company's investments. Factors taken into consideration in reaching such a decision include the financial position, economic viability and future financial performance of the entity to which the investment relates.

Determining residual values and useful economic lives of property, plant and equipment

The Group depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value, management aim to assess the amount that the Group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

Provisions against slow moving inventory

The Group establishes a provision for slow moving inventory. When determining the provision, the directors consider factors such as the amount of the inventory holding and subsequent sales.

Provisions

Provision is made for dilapidations. These provisions require management's best estimate of the costs that will be incurred based contractual requirements.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

4. Turnover

The whole of the turnover is attributable to the worldwide exploitation of the Victoria Beckham brand.

The directors do not consider any one part of the worldwide market to be significantly different from any other. Full segmental information has not been disclosed as permitted by Statutory Instrument 2008/410 as in the opinion of the directors such disclosure would be commercially sensitive.

5. Other operating income

	2020 £	2019 £
Income from settlement claim	582,900	-

6. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	811,485	814,619
Amortisation of intangible assets	769,299	591,360
Exchange differences	149,119	201,809
Operating lease rentals	1,143,405	1,891,230
Defined contribution pension cost	149,089	110,887

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	4,700	11,000

Fees payable to the Group's auditor in respect of:

The audit of its subsidiaries	56,300	72,000
Taxation compliance services	7,275	10,250
Other services relating to taxation	13,736	22,038
All other services	5,850	14,000
	83,161	118,288

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Employees

The Company does not have any employees (2019 - none).

Staff costs, including Directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £
Wages and salaries	8,200,898	8,862,547
Social security costs	922,638	785,035
Cost of defined contribution scheme	149,089	110,887
	<u>9,272,625</u>	<u>9,758,469</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2020 No.	2019 No.
Employees	<u>130</u>	<u>141</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	<u>142,328</u>	<u>761,667</u>

The highest paid Director received remuneration of £120,000 (2019 - £641,667).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil (2019 - £Nil).

10. Interest payable and similar charges

	2020 £	2019 £
Bank loan interest	194,749	454,777
Other loan interest	1,724,824	475,964
	<u>1,919,573</u>	<u>930,741</u>

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

11. Taxation

	2020 £	2019 £
Corporation tax		
Adjustments in respect of previous periods	-	20,897
Total current tax	-	20,897
Deferred tax		
Origination and reversal of timing differences	(36,795)	2,923
Adjustments in respect of previous periods	(293)	1,115
Change in tax rate	9,911	-
Total deferred tax	(27,177)	4,038
Taxation on loss on ordinary activities	(27,177)	24,935

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19%(2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(8,671,442)	(16,566,255)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,647,574)	(3,147,589)
Effects of:		
Expenses not deductible for tax purposes	126,425	28,500
Fixed asset differences	-	104,137
Adjustments to tax charge in respect of prior periods	(293)	22,012
Losses carried forward	1,494,265	3,017,875
Total tax charge for the year	(27,177)	24,935

Factors that may affect future tax charges

The Group has losses available for use in future periods amounting to £27,946,401 (2019 - £21,462,309).

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Intangible assets

Group

	Intellectual property £	Website £	Total £
Cost			
At 1 January 2020	2,063,128	2,631,322	4,694,450
Additions	319,005	111,862	430,867
Transfer from tangible assets	-	381,543	381,543
At 31 December 2020	2,382,133	3,124,727	5,506,860
Amortisation			
At 1 January 2020	182,155	1,402,120	1,584,275
Provided for the year	139,505	629,794	769,299
Transfer from tangible assets	-	116,574	116,574
At 31 December 2020	321,660	2,148,488	2,470,148
Net book value			
At 31 December 2020	2,060,473	976,239	3,036,712
At 31 December 2019	1,880,973	1,229,202	3,110,175

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

13. Tangible fixed assets

Group

	Short-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2020	4,563,960	1,890,331	766,537	7,220,828
Additions	-	566,444	1,205	567,649
Disposals	-	(4,805)	(1,785)	(6,590)
Transfer to intangible assets	-	(381,543)	-	(381,543)
Exchange adjustments	(3,293)	(116)	-	(3,409)
At 31 December 2020	4,560,667	2,070,311	765,957	7,396,935
Depreciation				
At 1 January 2020	2,116,414	1,396,728	608,031	4,121,173
Provided for the year	441,525	312,378	57,582	811,485
Disposals	-	(4,805)	(1,785)	(6,590)
Transfer to intangible assets	-	(116,574)	-	(116,574)
Exchange adjustments	(2,902)	(102)	-	(3,004)
At 31 December 2020	2,555,037	1,587,625	663,828	4,806,490
Net book value				
At 31 December 2020	2,005,630	482,686	102,129	2,590,445
At 31 December 2019	2,447,546	493,603	158,506	3,099,655

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	38,332,611
At 31 December 2020	<u>38,332,611</u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Victoria Beckham Limited *	Victoria Beckham fashion and brand business	Ordinary	100%
Victoria Beckham Beauty UK Limited *	Holding company	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Victoria Beckham Inc. **	Fashion e-commerce	Ordinary	100%
Beckham Retail Limited *	Dormant	Ordinary	100%
VB Beauty (US) LLC ***	Beauty e-commerce	Ordinary	85%

The registered address of the subsidiary undertakings are:

* 202 Hammersmith Road, London, W6 7DN

** 2711 Canterville Road, Suite 400, Wilmington, DE 19808, County of New Castle, USA

*** 251 Little Falls Drive, Wilmington, DE 19808, County of New Castle, USA

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Stocks

	Group 2020 £	Group 2019 £
Work in progress	116,927	671,943
Finished goods and goods for resale	2,191,211	2,869,776
	<u>2,308,138</u>	<u>3,541,719</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due after more than one year				
Other debtors	<u>585,000</u>	<u>585,000</u>	<u>-</u>	<u>-</u>
Due within one year				
Trade debtors	7,682,841	11,700,995	-	-
Amounts owed by group undertakings	-	-	25,486,155	14,536,798
Amounts owed by related undertakings	428,362	-	-	-
Other debtors	1,682,142	341,553	-	-
Prepayments and accrued income	1,542,146	1,674,317	-	-
	<u>11,335,491</u>	<u>13,716,865</u>	<u>25,486,155</u>	<u>14,536,798</u>

The debtors due after more than one year relate to rent deposits.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

17. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Convertible loans	7,623,113	7,623,113	-	-
Bank loans	797,585	8,332,563	-	-
Trade creditors	3,795,477	7,291,442	-	-
Amounts owed to group undertakings	-	-	1	1
Amounts owed to related parties	92,124	202,757	-	-
Other taxation and social security	456,922	266,463	-	-
Other creditors	18,050	103,299	-	-
Accruals and deferred income	5,507,157	3,727,234	-	-
	18,290,428	27,546,871	1	1

The bank loans are secured by fixed and floating charges over all the assets of the Group, a secured cash deposit which, at 31 December 2020, amounted to £Nil (2019 - £4,000,000) provided by related company, DB Ventures Limited, and a cross guarantee and debenture as detailed in note 25.

Further details of the convertible loans are provided in note 19.

18. Creditors: amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Convertible loans	7,818,682	4,256,159	7,818,682	4,256,159
Other loans	21,456,236	14,069,402	21,456,236	14,069,402
	29,274,918	18,325,561	29,274,918	18,325,561

Further information in respect of these loans are included in note 19.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

19. Loans

Analysis of the maturity of loans is given below:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due within one year				
Bank loans	797,585	8,332,563	-	-
Convertible loans	7,623,113	7,623,113	-	-
	<u>8,420,698</u>	<u>15,955,676</u>	<u>-</u>	<u>-</u>
Amounts falling due 2-5 years				
Other loans	21,456,236	14,069,402	21,456,236	14,069,402
Convertible loans	7,818,682	4,256,159	7,818,682	4,256,159
	<u>29,274,918</u>	<u>18,325,561</u>	<u>29,274,918</u>	<u>18,325,561</u>
	<u>37,695,616</u>	<u>34,281,237</u>	<u>29,274,918</u>	<u>18,325,561</u>

Details of the security in respect of the bank loans is provided in note 17.

The earliest date of repayment of the other loans is 1 January 2024. These loans attract interest at 7.5% on the principal balance.

The convertible loan due in within one year does not attract interest and became capable of being converted on 1 September 2019. The terms of the conversion and a wider equity raise are under discussion which would impact the number of shares to be issued. This loan relates to Victoria Beckham Beauty UK Limited.

The convertible loans due in 2-5 years attract interest at 7.5% and cannot be converted until 1 January 2024. The conversion relates to the parent company's Preference shares.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

20. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	83,417	79,379
(Credited)/charged to profit or loss	(27,177)	4,038
At end of year	56,240	83,417

The provision for deferred taxation is made up as follows:

	Group 2020 £	Group 2019 £
Accelerated capital allowances	59,373	85,886
Short term timing differences	(3,133)	(2,469)
	56,240	83,417

21. Provisions

Group

	Dilapidation provision £
At 1 January 2020	104,490
Charged to profit or loss	950,000
At 31 December 2020	1,054,490

A dilapidations provision has been recognised in respect of the estimated cost of returning the Group's retail store to its original state at the end of the lease term.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
Nil (2019 - 1,157,348) A Ordinary shares of £0.01 each	-	11,573
51,823,482 (2019 - 50,666,113) A1 Ordinary shares of £0.01 each	518,235	506,661
25,333,066 (2019 - 25,333,066) A2 Ordinary shares of £0.01 each	253,331	253,331
200 (2019 - 200) B Ordinary shares of £1.00 each	200	200
2,000 (2019 - 2,000) C Ordinary shares of £0.01 each	20	20
1,200 (2019 - 1,200) D Ordinary shares of £0.01 each	12	12
30,194,345 (2019 - 30,000,000) Preference shares of £0.01 each	301,943	300,000
	1,073,741	1,071,797

On 28 May 2020 1,157,348 A Ordinary shares were transferred into the same number of A1 Ordinary shares. Both these share classes have a nominal value of £0.01 each.

On 9 December 2020 the company issued 54,663 Preference shares of £0.01 each for a consideration of £0.9936 per share. Additionally previous share issues in relation to the company's preference shares were refilled with a change in the consideration per share from £1 to £0.9936 per share. The impact of this was that the total investment remained unchanged and no further amounts were received in respect of the preference share issue in the year.

The A Ordinary shares, A1 Ordinary shares, A2 Ordinary shares and Preference shares have attached to them full voting and dividend rights and certain capital distribution rights. They do not confer rights of redemption.

The B, C and D Ordinary shares have attached to them certain distribution rights. They do not confer any voting rights, rights to dividends or income or of redemption.

23. Reserves

Share premium account

Share premium represents amounts subscribed for share capital in excess of nominal value less related costs of shares issued.

Foreign exchange reserve

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transaction took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

24. Analysis of net debt

	At 1 January 2020 £	Cash flows £	Other non- cash changes £	At 31 December 2020 £
Cash at bank and in hand	3,945,447	(1,772,138)	-	2,173,309
Bank loans	(8,332,563)	7,534,978	-	(797,585)
Other loans	(14,069,402)	(6,125,000)	(1,261,834)	(21,456,236)
Convertible loans	(11,879,272)	(3,099,532)	(462,991)	(15,441,795)
	<u>(30,335,790)</u>	<u>(3,461,692)</u>	<u>(1,724,825)</u>	<u>(35,522,307)</u>

The other non-cash changes relate to accrued interest on the other loans and convertible loans.

25. Contingent liabilities

Victoria Beckham Limited has given a debenture and charges to its bankers to secure its own banking arrangements. It has also entered into a cross guarantee dated 9 December 2014, along with related companies Beckham Brand Holdings Limited and DB Ventures Limited. At the balance sheet date, the indebtedness under this arrangement amounted to £797,585 (2019 - £8,334,521).

26. Pension commitments

The total pension costs for the Group was £149,089 (2019 - £110,887). Accrued pension costs at 31 December 2020 amounted to £28,450 (2019 - £26,485).

27. Commitments under operating leases

At 31 December 2020 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
Not later than 1 year	1,430,717	1,438,307
Later than 1 year and not later than 5 years	5,253,643	5,298,000
Later than 5 years	619,025	1,505,689
	<u>7,303,385</u>	<u>8,241,996</u>

Victoria Beckham Holdings Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

28. Related party transactions

The company has taken advantage of the exemptions conferred by FRS 102 Section 33 Paragraph 33.1A not to disclose transactions with its wholly owned subsidiaries.

During the year the Group was advanced amounts totalling £9,224,532 (2019 - £23,472,712) by certain related parties in the form of other loans and convertible loans. These related parties are related by virtue of their interest in the share capital of the Group. Interest of £1,724,824 (2019 - £475,962) was charged on these loans in the year. At the year end the amounts owed to these related parties in respect of these balances totalled £36,898,031 (2019 - £25,948,674).

At the year end a further £92,124 (2019 - £287,851) was owed to related parties and £437,006 (2019 - £53,495) was owed by related parties. These related parties are related due to being under common control or through their interest in the Group's share capital.

29. Controlling party

At the balance sheet date the controlling parties are Victoria Beckham, Beckham Brand Holdings Limited, XIX Management UK Limited and London Investment S.A.R.L with no one party having a controlling interest.