

Company number: 05810406

New Look Retail Group Limited

Annual Report

For the 53 weeks ended 30 March 2019

NEW LOOK RETAIL GROUP LIMITED
ANNUAL REPORT
FY19

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NEW LOOK RETAIL GROUP LIMITED

GROUP OVERVIEW

- New Look is a leading fast-fashion multichannel retailer in the UK and ROI with an online business covering key international markets
- At the end of March 2019 we traded from 519 stores in the UK and ROI
- Total revenue from continuing operations¹ declined 3.8%
- Gross margin from continuing operations¹ increased to 46.2% (2018: 45.1%)
- Underlying operating profit² from continuing operations¹ £19.8 million (2018: £54.2 million loss)
- Group Adjusted EBITDA³, for continuing operations¹ £68.9 million (2018: £5.0 million), driven by profitable e-commerce sales strategy and significant cost savings identified as part of the turnaround plan
- Core⁴ Adjusted EBITDA £80.2 million (2018: £18.0 million)
- We are No. 2 for overall Womenswear market share in the 18 to 44 age range⁵
- We are No. 1 for overall Womenswear market share in the 18 to 34 age range⁵
- Successfully completed balance sheet restructuring on 3 May 2019. A materially deleveraged balance sheet and lower overall interest provides financial strength to the new Group⁶ to better attack our future amid challenging market conditions
- Review of International markets now complete:
 - All stores in China closed in the year
 - Administrators appointed in Belgium, all stores closed in the year
 - Court supervisor appointed in Poland, 19 stores at the end of March 2019
 - France has filed for Judicial Reorganisation, 30 stores at the end of March 2019

Note – Current year balances are based on a 53 week year compared to 2018 which was a 52 week year.

Full details of the Group's Key Performance Indicators can be found on page 9.

¹ Continuing operations comprises UK and ROI retail, e-commerce, third party e-commerce, franchise, France and Poland. The results of China and Belgium are shown as discontinued operations.

² Underlying operating profit/(loss) ("UOP"), a non-IFRS measure, is calculated as operating profit/(loss) before exceptional items, share based payment charge or credit, the movements in fair value of financial instruments, the impairment charge or write back of tangible and intangible assets and the movement in the onerous lease provision. A reconciliation of operating loss to UOP can be found on page 41.

³ Adjusted EBITDA, a non-IFRS measure, is calculated as underlying operating profit/(loss) before depreciation and amortisation. A reconciliation of operating loss to adjusted EBITDA can be found on page 41.

⁴ Core comprises UK and ROI retail, e-commerce, third party e-commerce and franchise.

⁵ Based on Kantar Worldpanel published data 52 weeks ended 10 March 2019 (Womenswear by value)

⁶ The new group is defined on page 4

NEW LOOK RETAIL GROUP LIMITED

EXECUTIVE CHAIRMAN'S STATEMENT

New Look celebrates its 50th Anniversary in 2019. It is a great time to remember what has made New Look such a strong brand for half a century and its significance for our customers; however they chose to shop with us.

We have made progress this year in delivering improved operational and financial stability, despite the challenging retail environment.

We started to reposition our product offering, focusing first on Womenswear, and we have seen some good year on year improvements in key areas. There is still work to be done, particularly across Footwear and Accessories but I am pleased with the progress we are making and we have maintained our number 2 position in the 18-44 years UK Womenswear market¹.

Our e-commerce and store businesses are now working together better than ever and our pricing is aligned across channels. We have invested in both the functionality of the site and the competitive advantage our store presence gives us, all improving the customer experience. The profitability of our e-commerce business has improved following our change in strategy from chasing top line sales growth, competing with the 'pure-plays', to focusing on profitable sales.

We continue to work closely with our suppliers, with whom we have worked for so many years, to improve our speed to market and minimise slippage. Whilst we know there is more we can do, we are starting to see the benefits of our tighter planning framework, with lead times on 'Early Adopters' and 'Seasonal Trend' improving 12 and 11 days respectively, supporting our aim to be 'first to be second' on key trends.

We overachieved on our total planned cost savings this year through the Company Voluntary Arrangement ("CVA"), driving efficiencies and operating as one business. We lost more stores than we planned as part of the CVA, with a number of landlords exercising their right to terminate leases, however going into the coming year, we have more flexibility than ever over the store portfolio in the UK, leaving us well placed in these challenging times.

In February 2019 we identified a number of accounting irregularities related to the trade creditor control account. This had no effect on the integrity of the current year results and we have included details of the investigation undertaken, the outcomes and a full explanation of the financial impact in the Financial Review on page 14.

We have completed the review of our International business, which has resulted in the closure of China and appointment of administrators in Belgium, France and Poland. These decisions were not taken lightly and the review has been a long and considered process. I want to thank all our staff impacted by these decisions for their support and dedication to the business through this time.

Conditions in the UK have been challenging across the year, most notably during the third quarter (October to December), usually our most cash generative quarter. Results were significantly below our expectations and, when coupled with the uncertainties related to Brexit, it was necessary for us to consider our capital structure and liquidity position. On 14 January 2019 we reached an agreement 'in principle' with certain of our key financial stakeholders in relation to the main terms of a transaction aimed at deleveraging and strengthening our balance sheet. We received overwhelming support from our financial stakeholders in connection with the transaction and I am pleased to say this was completed on 3 May 2019.

¹ Based on Kantar Worldpanel published data 52 weeks ended 10 March 2019 (Womenswear by value)

NEW LOOK RETAIL GROUP LIMITED

EXECUTIVE CHAIRMAN'S STATEMENT (CONTINUED)

Completion of this restructuring transaction has provided our people and suppliers with renewed confidence, which will benefit the Group at every level. The right capital structure and a materially deleveraged balance sheet provides us with the financial flexibility to better attack our future amid challenging market conditions. Our strengthened balance sheet also enables us to start to attract new talent into the business again and we are already making progress. In particular we welcomed Nigel Oddy as Chief Operating Officer on 1 April 2019 and will continue to take opportunities to strengthen the leadership team as appropriate.

As has always been the case, New Look's employees are at the heart of what we do, and I want to thank employees in our stores, support centres and distribution facilities for their continuing dedication, drive and hard work through these challenging times.

Trading conditions are expected to remain a challenge in the year ahead, coupled with the uncertainties of Brexit. With our capital structure addressed and the International business plans finalised, I look forward to the year ahead, working with our new shareholders and Board to focus on further enhancing profitability through our fantastic product, building brand equity and grasping new market opportunities.



Alistair McGeorge
Executive Chairman

21 June 2019

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT

The Directors present their strategic report on New Look Retail Group Limited (“the Company”) together with its subsidiaries (“the Group”) for the 53 weeks ended 30 March 2019 (comparatives for the 52 weeks ended 24 March 2018).

YEAR IN REVIEW

We have successfully implemented the turnaround measures by changing our mind-set and underlying ways of working to continue to improve business performance and drive profitability.

The financial restructuring

Despite this and the positive trends seen in the first half of the year and into October and early November, it was not sufficient to withstand the challenging market conditions seen in the UK. Results in the third quarter (October to December) were significantly below expectations, driven by a prolonged period of promotional activity across the high-street, starting with Black Friday and continuing through to Christmas, an unprecedented decline in footfall, the unplanned reduction in store numbers due to landlord enforced closures following the CVA and the ongoing uncertainty related to Brexit. As this is usually the most cash generative quarter it was necessary for us to accelerate our plans to address our capital structure and liquidity position.

On 14 January 2019 we reached an agreement ‘in principle’ with certain of our key financial stakeholders in relation to the main terms of a debt for equity swap (“the transaction”) aimed at deleveraging and strengthening our balance sheet.

We received overwhelming support from our financial stakeholders in connection with the transaction which completed on 3 May 2019. The main terms of the transaction were:

- £80.0 million of interim funding, (“the Bridge facility”) to strengthen the Group’s short term liquidity profile and provide sufficient runway to enable the transaction to complete. The Bridge facility was funded on 28 January 2019 and repaid on 3 May from the issuance of New Money Bonds (see note 26 for further details);
- Issuance of £150.0 million New Money Bonds;
- Existing long-term debt significantly reduced from £1,235.1 million to £250.0 million;
- No material changes to the Revolving Credit Facility (‘RCF’) or Operating Facilities; and
- Issuance of equity in a newly incorporated, Jersey registered company, New Look Retail Holdings Limited, in the following proportions;
 - o 72% to the providers of the New Money Bonds;
 - o 20% to Existing Senior Secured Noteholders;
 - o 2% to Existing Senior Noteholders;
 - o 1% to Existing Shareholders; and
 - o 5% for management incentive plans.

On 3 May 2019, as part of the transaction, New Look Limited and its subsidiaries¹ were sold to New Look Bonds Limited, a wholly owned subsidiary of New Look Retail Holdings Limited. As a result of this sale, the consolidated New Look group will trade as New Look Retail Holdings Limited going forward. In addition, cash and cash equivalents held by the EBTs, which can only be used utilised for the benefit of employees, has been transferred to a new EBT within the new group structure.

¹ Subsidiaries of New Look Limited include, New Look Retailers Limited, New Look Retailers (Ireland) Limited, New Look Retailers (CI) Limited, New Look Commerce (Shanghai) Co., Ltd, New Look (Singapore) PTE Ltd, New Look Germany GmbH, Geometry Properties Limited, Weymouth Gateway Property Management Limited, Geometry Holdings Limited and Geometry PropCo 1 Limited.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

YEAR IN REVIEW (continued)

The financial restructuring (continued)

As a result of the sale of the core trading group, New Look Retail Group Limited is no longer considered to be a going concern; therefore the consolidated accounts have been prepared on a basis other than going concern and certain adjustments have been made to the balance sheet to reclassify all non-current assets and long-term liabilities to current assets and liabilities. See note 2.1 for further details. In addition, the Company has impaired its investment in the Group subsidiaries to nil, see page 117.

See notes 9 and 10 for details of the costs incurred as part of this transaction and see note 36 for further details of the restructuring transaction.

Return to proven broad appeal product and value led pricing

We've returned to the compelling proposition of value-led fast-fashion and wardrobe basics for which we've always been famous and which our heartland customers love. Focusing our efforts first on Womenswear, we have seen positive year on year improvements in profitability across key areas of our Womenswear offering, particularly Dresses, Separates and Going Out during the year. There is still work to be done across all ranges, particularly on Footwear and Accessories.

We also revised our pricing framework, inspired by our historical reputation for exceptional value for money. Our compelling entry prices are supported by strengthened value messaging in-store and online, ensuring our great value is clear to our customers.

We have seen like-for-like conversion improve both in store, +3.5% pts and online, +5.5% pts in FY19.

We have maintained our number 2 position for overall Womenswear market share in the 18 to 44 age range¹, only 0.1% pts behind the leader and our number 1 position in the 18 to 34 age range¹. According to the British Retail Consortium (BRC) we have also outperformed the UK market for core women's clothing in stores by 4.5% pts².

A cohesive multichannel model

We have achieved our mission of being a truly symbiotic multichannel retailer. Across our stores and online, our pricing is aligned and we have invested in both the functionality of the website and the competitive advantage our store presence gives us, allowing our customers to shop with us, wherever, however and whenever they want. Our click and collect sales mix during FY19 was 41% (FY18: 36%) of total e-commerce sales, whilst 64% (FY18: 57%) of e-commerce returns were made to a store. During the year we also launched 'order in store, collect in store' and photo search functionality, further enhancing the customer experience. Sales from our mobile app are also increasing and now account for 10% of e-commerce sales.

The profitability of our online business has improved following our change in strategy from chasing top line sales growth, competing with the 'pure-plays', to focussing on profitable sales. Underlying operating profit for e-commerce has improved 78.2% to £21.2m (FY18: £11.9m).

A fundamentally realigned supply chain

We've made good progress in the year on our speed to market and flexibility. We have improved our internal processes and we are collaborating closer than ever with suppliers to further improve performance in our supply chain. We have improved lead times on 'early adopters' and 'seasonal fashion', allowing us to capitalise on key trends and bring our 'heartland' customers the latest looks at attractive price points. We are focused on achieving a stronger margin through a higher proportion of full price sales as opposed to a lower buying in margin, which meant historically we committed to stock too early and lost flexibility to react to trends. There is still work to be done, with slippage on the supply side and further enhancements to internal processes. This has resulted in the need for discounting to ensure we maintain a clean stock position and keep our offering fresh and on trend.

¹ Based on Kantar Worldpanel published data for the 52 weeks ended 10 March 2019.

² Measured by British Retail Consortium published YTD data for the 53 weeks ended 30 March 2019 for Women's Clothing.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

YEAR IN REVIEW (continued)

Efficiency & cost savings

Our renewed focus on cost reductions and efficiencies right across the business has supported the growth in adjusted EBITDA during FY19.

At the end of FY18 we announced the approval of a Company Voluntary Arrangement (CVA) aimed at right-sizing our UK store portfolio and addressing the over-rented position of our UK estate. Of the 66 stores (60 trading plus 6 sub-let sites) we identified for closure, 43 are now closed or closing, 10 have been renewed on new leases and 13 remain on C store terms with nil rent. As a result of landlords enforcing their right to terminate leases, a further 67 stores were closed or are closing. Leases on 90 stores have been renewed during this time. In addition to the significant cost saving achieved through the reduction in rent, £36.3 million, the movement of all rental payments to a monthly payment cycle provided a working capital benefit.

Further annual cost savings of around £30.0 million were identified at the start of the year. During the year, through scaled back marketing expenditure, lower delivery costs, reduced inventory shrinkage, efficiency improvements across the business and organisational structure changes, we achieved total costs savings of £45.4 million.

People

A key player in New Look's success has always been our people. As part of our 'People First' culture, we have re-invested in targeted training and development, launched a leadership programme to support performance delivery and cultural changes and reduced inefficiencies in store which diverts our employees' time and attention away from customer service. We have also simplified reporting lines within the organisational pyramid to make sure we've got the right people overseeing employee development.

We want our people to be proud to work at New Look and to be recognised for their achievements. Only by embedding this culture can we retain the talent that will allow us to achieve our strategic goals and return our business to profitability.

We continue a regular dialogue with our employees. We communicate our financial and strategic performance to our colleagues on a quarterly basis, aligned to our reporting obligations to the capital markets. We utilise a real time survey tool to conduct regular engagement polls to measure and understand true levels of employee engagement and advocacy.

International strategic review

During the latter part of the year we also concluded the strategic review of our International businesses covering China, Belgium, France and Poland.

On 18 October 2018, we announced our plans to exit the market in China. Despite substantial investments in China in recent years, performance has been below expectations and the business did not achieve the necessary sales and profitability to support the significant future investment required to continue these operations. All stores in China were closed in the year, along with the support centre in Shanghai.

On 16 January 2019, New Look Belgium SA filed for bankruptcy proceedings and on 22 January 2019 an administrator was appointed. All stores in Belgium were closed in the year.

On 18 March 2019, New Look Poland Sp. z o.o. filed for bankruptcy proceedings, a court supervisor was appointed on 11 April. As at 30 March 2019, all stores remained trading.

On 21 March 2019, New Look France SAS filed for Judicial Reorganisation. As at 30 March 2019, all stores remained trading.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

OUR BUSINESS MODEL

Who we are and what we do

New Look is a leading fast-fashion multichannel retailer operating in the value segment of the clothing, footwear and accessories market. We predominantly operate in the UK and Republic of Ireland (“ROI”), with a presence in targeted international markets via our own website and certain 3rd party partnerships. By reacting swiftly to emerging trends, we provide an exciting shopping experience in-store at over 500 locations in the UK and ROI, plus online through our website and mobile app. Our ranges comprise women’s apparel, footwear and accessories, as well as menswear and teenswear – all distinguished by distinctive product handwriting. We cater for a broad spectrum of ages from early teens to 45 and over. Our commitment to inclusivity is evidenced in the comprehensive span of sizes we offer, ranging (in women’s apparel) from UK 6 to UK 32.

Our global supply chain

We don’t directly operate the factories that manufacture our product ranges. Instead, our value-fashion model is predicated on maintaining a reliable and highly adaptive global supply chain designed to meet our goals in product development, manufacturing expertise and delivery timings. We’ve built and sustained strong, strategic relationships and currently work with 180 suppliers in 25 countries, with over 600 factories involved in production for us. Trading ethically and sustainably are at the heart of all that we do, inspiring and upholding high standards in corporate social responsibility not only throughout our own business but right across our supply chain.

Our UK presence

At the end of FY19, we had 491 stores in the UK. The CVA was a significant step towards delivery of our turnaround strategy, focused on returning the business to long-term profitability and has resulted in significant cost savings. Despite the resulting reduction in our store portfolio, we believe the extensive geographic reach of our remaining UK estate will continue to give us a competitive advantage. While growth in the UK apparel market is likely to be predominantly driven by online sales, our physical stores remain the primary customer touch-point within our multichannel model. Stores remain at the heart of the New Look experience, enabling customers not only to browse and buy – but additionally to place, exchange or return online orders with genuine convenience.

Our cohesive multichannel model

Whilst stores remain our primary channel, customers are increasingly using a mix of digital and physical channels to browse, compare, buy, and if necessary exchange or return purchases. Our ongoing investment is focused on maintaining full alignment between our in-store and online businesses and improving the customer experience. This includes our range of convenient, customer-focused low-cost delivery options, including ‘click and collect’ and ‘order in store, collect in store’ and innovative functionality such as photo search.

Our infrastructure

Our directly operated, highly automated distribution centre at Lymedale, Stoke-on-Trent, has the capacity to process up to 180 million units annually. This operation handles deliveries for the UK, Ireland and mainland Europe plus global fulfilment of all e-commerce and 3rd party e-commerce orders and is complemented by an outsourced distribution hub in Singapore.

Our London support centre accommodates our Buying, Merchandising, Design, Multichannel, International Partnerships and Marketing teams, while our Weymouth support centre houses our IT, Finance, Audit, Procurement, Property and Human Resources teams. During the year we also had in-market support teams located in Paris and Warsaw.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

OUR BUSINESS MODEL (continued)

Our social dialogue

New Look has a significant presence across leading social media platforms including Facebook, Instagram, Twitter and Pinterest with content focused on our core customer and brand personality. In tandem with our well-established public relations activities, we continue to evolve our approach to influencer marketing through our highly successful influencer programme which enables us to amplify key product messages and drive reach and engagement with relevant audiences. We are also increasing social outreach allowing us to proactively engage with our audiences and detect and respond to social trends faster than ever before.

Our career opportunities

We are committed to rewarding the skill and effort of our dedicated and passionate teams. We are proud to offer exceptional career opportunities, and we work hard to build pipelines of future talent.

A set of key core values inform every action we take, every decision we make and the behaviours we expect: We Care, We Make It Easy, We Are Brave, We Act With Pace and We Take Responsibility. We provide appropriate training and support for employees at all levels of our business, ranging from skills development, apprenticeships and NVQs through to professional qualifications and executive programmes for top leadership talent. We partner universities, colleges and schools to provide graduate and apprenticeship schemes. We also work closely with charitable organisations such as the Princes Trust and Head Start to help disadvantaged young people access career opportunities in fashion.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW

The results of China and Belgium are shown as discontinued operations in the income statement following the closure of all stores in China and appointment of administrators in Belgium. All metrics in the Financial Review on pages 9 to 16 represent the Group's Key Performance Indicators restated to present continuing operations only. Metrics for FY19 are based on a 53 week year, compared to 52 weeks for FY18 (2018).

Following the strategic review of our International businesses, focus going forwards shifts to the Core elements of the Group being UK and ROI retail, e-commerce, 3rd party e-commerce and franchise.

The year's performance reflects the progress made under the turnaround plan. We focused on addressing known issues with our product, returning the broad appeal of our offering that our customers know and love. Whilst we have experienced clear improvements in our targeted product lines, we know we have further improvements to make, particularly across Footwear and Accessories. Performance has also been dampened by challenging market conditions with weak consumer confidence leading to declines in footfall. However, the significant progress in delivering cost savings and driving efficiencies across the business has underpinned this year's results.

The CVA represented a significant cost saving as we aligned our rents to the market rent position in the UK. We also realised a working capital benefit as a result of moving from a quarterly to a monthly payment cycle. We have also over achieved on the non-CVA cost savings identified as part of our turnaround plan.

In January 2019 we received an £80.0 million bridge facility to support the Group in the short term through to completion of the transaction. Completion occurred on 3 May 2019 and the bridge facility was repaid in full, see notes 26 and 36.

As a result of the restructuring, on 3 May 2019, New Look Limited and its subsidiaries were sold to New Look Bonds Limited, a wholly owned subsidiary of New Look Retail Holdings Limited. New Look Retail Holdings Limited was incorporated for the purpose of the transaction and is majority owned by a combination of the new and existing Senior Secured Noteholders. As a result of the sale of the core trading group, New Look Retail Group Limited is no longer considered to be a going concern; therefore the consolidated accounts have been prepared on a basis other than going concern and certain adjustments have been made to the balance sheet to reclassify all non-current assets and long-term liabilities to current assets and liabilities. See note 2.1 for further details.

Revenue

Total revenue decreased by £49.6 million, -3.8%, to £1,239.0 million (2018: £1,288.6 million). This was driven by the planned reduction in franchise stores, closure of 102 stores primarily as a result of the CVA and the change in e-commerce strategy to focus on profitability rather than sales growth, combined with the market challenges.

UK and ROI retail sales decreased £8.8 million, -0.9%, to £942.5 million (2018: £951.3 million). This year saw the relaunch of the New Look brand under our turnaround plan, including a TV advert that aired in October. In returning to proven broad appeal product, we have seen positive year on year performance from our Womenswear offering where we focused our initial attention, particularly Dresses, Separates and Going Out. We continue to develop other product areas, particularly Accessories and Footwear which have had a challenging year. Despite the turnaround on product, the year has presented a number of challenges. Supplier and internal slippage issues delayed the landing of key product lines during the second and third quarter of the year which impacted on full price sales. We kept in line with our competitors and took a more promotional stance than planned during certain periods, in particular during November and December following unprecedented declines in footfall. 102 stores had closed in the UK by the end of the year, primarily as a result of the CVA, impacting year on year performance.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW (continued)

Revenue (continued)

E-commerce sales decreased by £13.5 million, -7.3%, to £172.3 million (2018: £185.8 million). Traffic declined year on year, most significantly during the first half following the decision to focus on profitable sales and move away from extensive marketing of discounted product, which had started in the second half of the prior year. The launch of the new UK website platform in August 2017 also contributed to the reduction in traffic. In the second half of the year, as the impact of these changes annualised we saw improvements in conversion and traffic. We have focused on aligning our e-commerce offering with that given in stores to ensure customers receive the same prices and opportunities wherever they shop; in our stores, at newlook.com or via our mobile app. Our click and collect service along with our online return to store offering has helped to drive footfall into our stores. We have continued to enhance the store experience throughout the year with the launch of order in store, deliver to store to ensure our customer experience remains relevant and accessible.

Sales with our 3rd party e-commerce partners performed positively, increasing £8.0 million, 11.0%, to £80.9 million (2018: £72.9 million). This was driven by an increase in the volume of business with key partners, however the increase in discounts has impacted margin. Our key internationally diverse partners (including ASOS and Zalando) continued to give us a route into new territories and further extend our global reach. We will continue to explore these and other partnership opportunities as we look to expand our international reach in the future.

Sales with our franchise partners decreased £25.8 million, 79.4%, to £6.7 million (2018: £32.5 million). This was due to a planned exit from stores in the Middle East. At the end of the year we continue to work with one franchise partner, with franchise continuing to be one of our routes to drive profitable international growth.

International sales (France and Poland) decreased £7.0 million, -11.1%, to £56.1 million (2018: £63.1 million) driven by the challenging market conditions and the planned exit of these businesses. In constant currency, international sales declined -10.7% (2018: -9.3%). Sales in France declined in constant currency, but in Poland constant currency sales were positive.

The adjustment to state concession income on a net basis increased £2.5 million, 14.7%, to £19.5 million (2018: £17.0 million) driven by an increase in the sales of concession clothing.

LFL sales

Total continuing LFL sales declined -2.1% (2018: -11.6%), driven by the annualisation of the strategic changes made within e-commerce and challenging conditions across all markets.

Total LFL sales for the core business (UK and ROI retail and e-commerce sales), were -1.6% (2018: -11.6%). During the second half of the year, LFL sales from the core business were +0.1% with the challenging footfall in the UK and ROI more than offset by the improvements made in e-commerce.

Non-core business LFL sales were negative throughout the year with further deterioration seen in the second half of the year following the announcement of the results of the Group's International strategic review.

Like-for-like (LFL) sales is the gross transactional value from LFL operations in any given period compared with the same period in the previous financial period and is normally shown as a percentage change between two periods. LFL operations consist of our New Look directly operated stores, concession stores and our E-commerce segment (if applicable). A store is included in LFL operations if it has traded for more than 52 weeks, excluding existing stores where a new store of ours has opened within one mile (for the first 52 weeks of the new store's commencement of trading) or where the store has undergone a significant increase or decrease in trading space during the period. A store is included in the calculation of LFL sales from the date at any point during the financial year when it has the comparable weeks' data for the prior financial year. If a store is closed for a full week or more for any reason during a financial year, for example, due to refurbishment or permanent closure, it is excluded from the LFL calculation for the period of closure.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW (continued)

Stores and space

Across the Group, our total number of stores decreased to 574 (2018: 740), with total space reducing by 15.3% to 4,398,000 sq ft (2018: 5,195,000 sq ft).

In the UK, 106 stores closed and we opened 4 stores. In ROI, we closed 1 store. We continue to look for opportunities to re-enter desirable markets that we have exited due to these enforced exits and remain in a flexible position to exercise our right to terminate leases on B stores¹ if necessary.

Despite the closures, we believe the extensive geographic reach of our remaining UK and ROI estate continues to give us a competitive advantage. Accounting for 74.9% of our total sales, core stores remain the primary customer touch-point within our multichannel model. Our investment strategy will continue to exploit this competitive advantage.

Internationally we closed 1 store in France and opened 1 store (legally committed to in the prior year) in Poland. Our international space decreased to 315,000 sq ft (2018: 323,000 sq ft).

The total number of New Look franchise stores reduced to 6 (2018: 69) as a result of the planned exit from the Middle East.

Gross margin

During the first quarter of the year we took a more promotional stance to drive store footfall. This impacted gross margin relative to last year but ensured a clean stock holding. We were able to focus on full price sales and targeted markdown in the second quarter which resulted in margin growth. In line with the rest of the market, we returned to a more promotional stance through the remainder of the year to drive footfall through the peak season. We saw underperformance in Footwear and Accessories which resulted in additional markdown to our plan being required in the fourth quarter of the year to clear excess stock, however across the year our overall markdown and stock provisions were lower than the prior year.

Gross profit decreased £8.6 million to £572.5 million (2018: £581.1 million), with the resulting gross margin growing to 46.2% (2018: 45.1%).

Operating loss

Operating loss increased £324.8 million to a £448.3 million loss from a £123.5 million loss. During the year administrative costs increased 44.9% to £1,020.8 million (2018: £704.6 million). A reconciliation of operating loss to UOP can be found on page 41.

Our operational exceptional items increased by £18.2 million to £46.1 million (2018: £27.9 million) largely due to the reorganisation and restructure of the Group including the transaction. During the year we incurred legal and advisory costs relating to the transaction of £31.6 million and £8.4 million of costs due to the assessment and exit of our non-core international businesses. See note 10 for details.

¹ B stores are those stores which New Look has a right to terminate the lease after certain dates. Landlords had the right to terminate a B store lease within the first 6 months of the CVA, up to 21 September 2018.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW (continued)

Operating loss (continued)

The charge for impairment losses increased £403.6 million to £423.3 million (2018: £19.7 million). The increase is driven by the full impairment of goodwill and partial impairment of the brand in the year as a result of the transaction, see notes 14 and 36. This is offset by the reduced level of impairments of store assets. The financial performance during FY18 represented a triggering event and therefore an impairment assessment of all assets held at a store level was undertaken to ensure the appropriate carrying value. As a result of this review in the prior year, the carrying values of assets held at store level were reduced to their recoverable amounts. Due to the challenging performance experienced in the current year, there have been no impairment reversals and additional impairments have been booked in relation to store assets. See notes 13 and 14 for further details.

Our share based payment charge, reflecting the charge for the senior management incentive schemes designed to retain individuals key to the growth and future success of the company, decreased by £17.7 million to £2.5 million (2018: £20.2 million) due to accelerated vesting in the prior year, in accordance with IFRS 2 'Share based payments', for management leavers, which resulted in a significant non-cash charge.

The charge relating to the movements in the fair value of financial instruments in the income statement was £0.3 million (2018: £1.9 million) as a result of movements in foreign exchange rates.

The credit in relation to the movement on the onerous lease provision increased £3.7 million to £4.1 million (2018: £0.4 million), in relation to the release of provision for international stores due to the decision to exit the international businesses. See note 27 for further details.

Adjusting for the above, underlying administrative costs decreased by £82.6 million to £552.7 million (2018: £635.3 million).

Staff costs (excluding exceptional staff costs and share based payment expense) decreased by £2.1 million, primarily due to the reduction in the number of stores as a result of the CVA. We have also benefited from a more flexible operating model in stores, allowing cost saving during the year.

Estate costs (including rent, service charges, rates, utilities and repair costs) decreased by £44.3 million primarily as a result of the rent reductions obtained through the CVA in the UK, partly offset by increases driven by new UK store annualisation.

Marketing costs decreased by £10.0 million as a result of our cost saving initiatives which focused our marketing spend on more efficient investment in both Brand and Digital.

Depreciation and amortisation decreased £9.4 million as a result of the reduced investment across the Group and the impairment assessment performed in the prior year which reduced the carrying value of assets held at store level to their recoverable amounts.

Total costs savings of £45.4 million were achieved in the year. Cost savings and driving operational efficiencies continues to be a key focus for the Group through exploiting technology and simplification of the Group, its processes and systems.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW (continued)

Underlying operating profit/(loss)

In addition to the information required by IFRS and to assist with the understanding of earnings trends, the Group has included within its financial statements a non-IFRS measure referred to as Underlying Operating Profit/(Loss) ("UOP"). Management consider that UOP reflects the trading performance of the Group and is calculated as operating profit/(loss) before exceptional items, share based payment charge or credit, the movements in fair value of financial instruments, the impairment charge or write back of tangible and intangible assets and the movement in the onerous lease provision. A reconciliation of operating loss to UOP can be found on page 41.

Underlying operating profit increased by £74.0 million to a £19.8 million profit (2018: £54.2 million loss).

Core underlying operating profit increased by £68.9 million to a £33.2 million profit (2018: £35.7 million loss) as a result of the cost savings achieved during the year, the return to broad appeal product and the improved profitability of the e-commerce business following the change in strategy.

Adjusted EBITDA

In addition to UOP and to further assist with the understanding of earnings trends, the Group has included within its financial statements a non-IFRS measure referred to as adjusted EBITDA. Management consider that adjusted EBITDA reflects the trading performance of the Group, excluding the impact of capital investment. Adjusted EBITDA is UOP before depreciation and amortisation. A reconciliation of operating loss to adjusted EBITDA can be found on page 41.

Group adjusted EBITDA increased by £63.9 million to £68.9 million (2018: £5.0 million).

Core adjusted EBITDA increased by £62.2 million to £80.2 million (2018: £18.0 million), demonstrating the strength in our key focus areas of the business. This was driven by the costs savings from the CVA and efficiencies delivered during the year, as well as the improved profitability of the e-commerce business.

Pre-tax loss

In addition to the costs explained above, we also incurred net finance costs of £89.2 million (2018: £81.7 million), an increase of £7.5 million.

This reflects the increase in interest expense arising from the new bridge facility and associated costs, see notes 9 and 26.

As a result of all the above, pre-tax losses increased £332.3 million to £537.5 million (2018: £205.2 million loss).

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW (continued)

Taxation

The income statement taxation credit was £15.3 million (2018: £15.1 million credit).

There was a £0.2 million current tax charge (2018: £0.1 million charge) in the year. This was offset by a £0.2 million tax credit (2018: £2.6 million credit) relating to prior year adjustments to current tax, mainly driven by a claim for research and development tax relief in respect of the year ended 24 March 2018 and payment for group relief outside the immediate Group.

There was a £14.0 million deferred tax credit (2018: £13.1 million credit), primarily due to an increase in the recognition of UK tax losses.

In addition to this a deferred tax credit of £1.3 million (2018: £0.5 million charge) relating to prior year adjustments mainly driven by an increase in the recognition of UK and overseas tax losses was recognised.

The effective tax rate is 2.7% (2018: 7.4%) largely driven by non-deductible expenses and losses not recognised.

53rd week

Our financial statements are ordinarily prepared on a 52 week basis. This causes our period end date to change each year moving away from the accounting reference date. In order to realign our period end date it is necessary to report a 53 week year. FY19 is a 53 week year, on a 52 week basis the key results of the continuing group would have been:

	FY19	FY18
	£m	£m
Revenue	1,220.8	1,288.6
Gross margin	46.3%	45.1%
Operating loss	(448.6)	(123.5)
Underlying operating profit/(loss)	19.5	(54.2)
Core underlying operating profit/(loss)	32.5	(35.7)
Adjusted EBITDA	68.6	5.0
Core adjusted EBITDA	79.5	18.0

Accounting review

In February 2019 we identified a number of accounting irregularities related to the trade creditor control account. We immediately conducted an in depth investigation. This included engaging external advisors to support us in carrying out a thorough review into trade creditors, related areas of the financial statements and associated accounting practices, which is now concluded.

Through this investigation it was identified that a number of improper journals were posted to the creditor control account over a number of years dating back as far as the period ended 30 March 2013 by a former employee. As part of our initial review, the postings into the trade creditor control and related accounts were grouped by similar characteristics to support a detailed analysis enabling us to form an understanding behind the postings, and therefore any correction required.

The independent advisors, supported by the finance and IT teams, investigated the more complex postings through reviewing the underlying accounting entries and records for these transactions, email correspondence of key individuals, conducted meetings with various members of the finance team and reperformed supplier statement reconciliations.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW (continued)

Accounting review (continued)

A detailed review of these account postings did not identify material corrections in respect of the current or prior period. As a result, the FY18 opening accumulated loss reserves have been restated to reflect a £6.1 million correction, trade and other receivables have been restated to reflect a £0.4 million decrease and trade and other payables have been restated to reflect a £5.7 million increase. The review concluded that no cash or assets were misappropriated and no customer, operator or supplier was impacted or disadvantaged.

Following the identification of this issue we commenced a thorough review of our financial controls and processes and put in place a number of improvements prior to the end of FY19. The evaluation of the current controls framework surrounding financial reporting remains ongoing with further enhancements to be implemented throughout FY20.

Intangible assets

The net book value of intangible assets decreased to £294.2 million (2018: £723.1 million). Goodwill has been fully impaired in the year as a result of the transaction, see note 36. The Group will no longer exist in its current structure following the completion of the transaction, therefore the related goodwill is not considered to have any value. This resulted in an impairment charge of £365.3 million. Additionally, the Group impaired the value of the brand and amortisation exceeded additions resulting in a net decrease in the carrying value. See note 14 for further details.

Property, plant and equipment

The net book value of property, plant and equipment decreased to £65.2 million (2018: £101.2 million). An impairment charge of £7.6 million (2018: £18.7 million) was recognised against the value of assets of the continuing operations due to the trading performance during the year and the decision to exit France and Poland. An impairment charge of £3.3 million (2018: £4.6 million) was recognised against the assets of the discontinued operations prior to their disposal. Impairment charges are recognised to ensure that no assets are held above their carrying value. Additionally, depreciation significantly exceeded additions resulting in a net decrease in the carrying value. See note 13 for further details.

Trade and other receivables

Trade and other receivables decreased to £59.8 million (2018 restated: £91.7 million) driven primarily by a £14.4 million decrease in trade receivables due to the new debt factoring arrangement. On 10 May 2018 New Look Retailers Limited (“NLR”) (a wholly owned subsidiary of New Look Retail Group Limited) and Brait Capital International Limited (“BCIL”) entered into a Debtor Purchase Agreement (“Agreement”), see note 33 for further details. Prepayments decreased £12.6 million due to a combination of reduced short leasehold costs and rent prepayments following store closures and the change in rent payment profile in the UK following the CVA.

Trade and other payables

Trade and other payables decreased to £282.9 million (2018 restated: £306.6 million) driven predominantly by a £16.4 million decrease in deferred income (lease incentives) due to amortisation significantly exceeding additions in the period, primarily due to store closures as a result of the CVA. Included within trade and other payables are products such as letters of credit, supplier invoice financing and other trade facilities, see note 2.11 for further details.

Provisions

Provisions decreased £1.7 million to £13.5 million (2018: £15.2 million). This has been driven by reductions in the international onerous lease provision due to these planned exits offset by provisions recognised in relation to the exit costs associated with the international businesses. See note 27 for further details.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL REVIEW (continued)

Derivative financial instruments

The net fair value of derivative financial instruments decreased to a £3.2 million liability (2018: £19.2 million liability). This is due to strengthening of the USD and forward contracts maturing during the year. We have fewer forward contracts 'out of the money' compared to last year, see note 23 for further details.

Net debt

As at 30 March 2019, net debt was £1,339.3 million (2018: £1,265.4 million).

The Group secured short term financing in the form of a bridge facility with a sterling equivalent of £80.0 million committed on 22 January 2019 and drawn by the Group on 28 January 2019. The bridge facility was repaid on 3 May 2019 as part of the completion of the transaction.

Additionally, our core operational bank continues to provide £100.0 million of Operating (liquidity, trade and import) facilities on a committed basis (pari passu with the RCF, subject to documentation and customary conditions).

Cash flow

Cash flows generated from operating activities increased £59.4 million to £37.1 million (2018: £22.3 million used in operating activities) which reflects the achieved operational costs savings.

Cash flows used in investing activities decreased £25.9 million to £20.1 million (2018: £46.0 million) due to a planned reduction in capital spend.

Cash flows generated from financing activities decreased £39.3 million to £14.8 million (2018: £54.1 million). Cash proceeds in the year from the bridge facility and utilisation of the overdraft are lower than the cash proceeds from the revolving credit facility and the restrike and cancellation of swaps in the prior year.

Discontinued operations

Following the strategic review of the International markets, the Board determined that China was no longer a strategic focus of the Group. On 18 October 2018 it was announced that the Group would exit the China retail business and all stores closed by 1 January 2019.

On 22 January 2019 an administrator was appointed to Belgium as the company was unable to continue trading as a result of its financial and trading position. All stores were closed in the year.

The result from discontinued operations for the period to 30 March 2019 was a loss after tax of £30.5 million (2018: loss after tax £33.7 million), see note 15.

Outlook

Following the agreement to restructure the balance sheet, the year ahead at New Look¹ will continue to focus on driving sustainable profit growth through improved gross margins whilst maintaining cost efficiencies. A materially deleveraged balance sheet and lower interest cost provides financial strength to invest in the business and focus on long term growth.

While the market continues to be highly competitive and unpredictable, we continue to take the necessary actions to address performance issues and return the business to long term profitability. Although we remain cautious, we are confident in the strength and appeal of the New Look brand and our ability to further deliver a successful recovery.

¹ Reflecting the consolidated group of New Look Retail Holdings Limited and its subsidiaries as explained on page 4

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

RISKS AND UNCERTAINTIES

New Look considers effective risk management fundamental to achieving our business objectives, protecting our reputation and delivering added value to our stakeholders.

Risk governance

The Board has overall responsibility for the risk management framework. Risk governance and monitoring has been established through the following structure:

- The Board are required to hold 6 formal Board meetings per year. To support this, regular ad-hoc Board meetings and Board meetings of subsidiaries are also held where required.
- An Investment Committee is in place and meets monthly to approve and support the Board manage all group capital projects and key revenue investments.
- The Audit Committee provides an independent scrutiny and monitoring role to the Board. The Audit Committee meets twice per year to review all audit and compliance outputs and monitors the effectiveness of the risk management arrangements.
- A Remuneration Committee (RemCo) has been set up to support the Board set the policy for the remuneration of executive management.
- The Governance and Compliance Steering Group meets monthly to monitor the Corporate Risk Register and review all emerging compliance / risk issues.
- The Transformation Steering Group meets fortnightly to monitor the progress of strategic pillars of the business and associated transformational risks.
- Additional Functional / Project level Steering and Working Groups have been established to help manage specific risks. Groups include the Policy Review Board and the Brexit Working Group.
- A risk based Internal Audit Plan is drafted on an annual basis and approved by the Audit Committee. The role of Internal Audit provides the Board and the Audit Committee with valuable independent assurance in relation to the management of risk across the organisation.

Approach to risk management

The Board is accountable for identifying the principal risks facing the Company, including those impacting business performance, customers, people, values operations and on-going viability.

On behalf of the Board, the Audit Committee reviews the effectiveness of the risk management process. However, on a day to day basis, senior management is responsible for providing leadership in the management of risk, integrating it into everything we do and all important decisions we take.

Principal risks & uncertainties

It is recognised that the Group at any point in time is exposed to a number of risks.

The following table details the most significant risks as identified by the Board together with the relevant key mitigating activities.

It should be noted that any system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

RISKS AND UNCERTAINTIES (CONTINUED)

Brexit

As at the date of this report, the terms of the UK's departure from the EU (Brexit) remain uncertain. Brexit does not give rise to a new principle risk for the Group, however it does have the potential to impact a number of existing operating risks such as talent management, supply chain management and additional costs relating to increased tariff and duties. These risks have been included within the following table.

New Look has established a cross-functional Brexit monitoring group which meets regularly to consider and assess the potential risks to the Group and to propose mitigations. This group reports directly to the Board who review the results of the risk analysis and respond as appropriate.

Progress in the Brexit negotiations will continue to be monitored and the risks and uncertainties will be managed by the Brexit monitoring Group and the Board as appropriate.

Risk Type	Description of the risk	Mitigation
Financial stability and trading environment	- Challenging operating environment impacting our financial performance – the UK womenswear market is declining and also showing a growing expectation from customers of promotional and discounting activity. - Failure to meet the general expectations of consumers in light of the changing retail environment. - Inability of the Group to maintain the financial stability required to operate its business and deliver objectives. - Disappointing performance causing suppliers to request amendments to the terms of our agreements – adversely impacting our working capital and operating cash flow.	- Business turnaround in place, including the development of new strategic pillars, ensuring stability and minimising business and operational risk. - Operational efficiencies and cost savings identified and actioned; further EBITDA improvements to be delivered during the duration (3 years from March 2018) of the approved CVA. - Continuous review of cost saving initiatives and efficiency improvement programmes. - Ongoing dialogue with third party partners and suppliers to maintain commercial alignment and mitigation of cash flow risk. - Completion of the balance sheet restructuring on 3 May 2019 provides a materially deleveraged balance sheet and lower overall cash interest costs, improving financial stability.
Treasury, liquidity and credit risks	- Inability to meet current and future financial liabilities. - Our liquidity and the financing required for day-to-day operations constrained by our highly levered financial profile. - Exposure to the effect of fluctuations in foreign exchange and interest rates. - Default by counterparties to financial transactions. - Deteriorating credit ratings hindering our ability to obtain future credit and impacting credit insurance availability to our suppliers.	- Centralised treasury function responsible for managing key financial risks, cash resources and the availability of liquidity and credit capacity. - Treasury Management Policy in place. - Rigorous budget-setting process, based on accurate, intelligent information. - Treasury Committee weekly meeting along with robust Treasury management controls. - Robust cash flow modelling along with continuous review of model assumptions. - Delegated Levels of Authority approved and published to ensure appropriate review and sign off of credit limits. - Engagement with all stakeholders, explaining New Look's financial position and recovery progress. - Completion of the balance sheet restructuring on 3 May 2019 provides a materially deleveraged balance sheet and lower overall cash interest costs, improving financial stability.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

RISKS AND UNCERTAINTIES (CONTINUED)

Risk Type	Description of the risk	Mitigation
Trend spotting and product development	• Inability to respond swiftly to changing customer preferences and key trends. • Failure to sustain the appeal of our brand and product proposition. • Failure to deliver compelling fashion at attractive prices leading to potential loss of margin through higher markdowns.	• Effective target customer profiling to better inform buying decisions. • Stronger integration between buyers, designers and suppliers. • Robust and transparent process for trialling and evaluating emerging trends and reviewing feedback mechanisms. • Development of open costing approach to ensure our value offering is maintained. • Successful completion of the Brand relaunch during the prior year re-established the focus on broad appeal and value fundamental to New Look's success. • Ongoing improvements to streamline and strengthen buying process. • Shorter lead times reducing our reliance on early trend spotting. • Ongoing 'Customer Insight' program designed to deliver effective feedback.
Talent management	• Shortage of (or failure to recruit) top talent to run our day-to-day operations. • Failure to attract, develop and retain talented staff. • Following Brexit, it may be more difficult for New Look to recruit EU nationals to work in the UK business.	• Regular reviews of management structure ensuring capability and succession. • Effective identification of emerging talent, and support for career development. • Regular, effective performance reviews, leadership assessments, training and development. • The Board ensures appropriate incentive plans are in place. • Improved working conditions including Smarter Working Initiative. • The developments in the Brexit process are continuously monitored by the cross functional Brexit monitoring group (see section on Brexit before table).
Supply chain management	• Lack or loss of speed and flexibility in the supply chain, leading to greater risk in buying decisions and potential loss of margin through higher markdowns. • Failure to accurately predict consumer demand leading to excesses or shortfalls in inventory levels. • Disruption to supply chain arising from strikes, civil unrest, political turmoil or natural disasters. • Over-reliance on key suppliers leading to a shortfall in inventory due to a supplier failure. • Significant reliance on international sources of production and sourcing from high risk territories. • Concerns over our financial strength resulting in suppliers discontinuing or seeking to renegotiate existing relationships, thus impacting the Group's liquidity and cash flow. • Inability to recover losses suffered as a result of a counterparty's insolvency or bankruptcy. • Depending on the outcome of Brexit negotiations, there may be delays in the movement of inventory as a result of increased administration and delays with transportation and clearing customs.	• A clearly defined Sourcing Strategy in place. • Strong and robustly supported sourcing team responsible for maintaining an efficient and effective supply chain. • Shorter lead times ensuring greater Open-to-Buy flexibility and the ability to react more quickly to successful trends. • Suppliers treated as key business partners, working to shared objectives in lead times, quality control and employment practices. • Regular review of supply chain and routes maximising flexibility and sustaining fulfilment of product demand across all channels. • Identification of alternative suppliers where required and proactive management of terms discussion to mitigate cash impact. • Continuous dialogue ensuring suppliers' full awareness of our recovery progress. • The developments in the Brexit process are continuously monitored by the cross functional Brexit monitoring group, including the consideration of alternative transport routes (see section on Brexit before table).

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

RISKS AND UNCERTAINTIES (CONTINUED)

Risk Type	Description of the risk	Mitigation
Multichannel	• Failure to meet customer expectations across all channels undermining our multichannel proposition. • Lack of cohesion between channels compromising the consistency of customer experience. • Compromise of brand identity or loss of pricing control arising from 3rd party e-commerce platforms. • Increasing mix of e-commerce channels leading to lower gross margins.	• Established symbiotic relationship between stores and e-commerce trading channels ensuring consistency and full alignment across all customer touchpoints. • In-house fulfilment operation maximising control, flexibility, efficiency and cost-containment. • Effective use of data analytics and other research tools, plus close monitoring of customer feedback on social media platforms and other channels. • Formal agreements in place with all 3rd party e-commerce partners. • Gross margin improvement strategy in place. • Delivery and fulfilment costs closely monitored.
Cost inflation	• Escalation of supply chain costs rising from factors such as wage inflation, foreign exchange rate movements, changes to tariffs and duties or increases in raw material prices. • Increased fuel and energy costs, impacting on distribution centre or retail stores and head office operational costs. • Depending on the outcome of Brexit negotiations, there may be increases in import tariffs or custom duties for the supply of stock from territories such as Turkey.	• Wage increases offset by improvements in productivity and identification of alternative suppliers where required. • Geographical diversity of supply chain portfolio. • Continuous review of cost saving initiatives and efficiencies. • The developments in the Brexit process are continuously monitored by the cross functional Brexit monitoring group (see section on Brexit before table).
Trading internationally	• Failure to develop products equally appealing to our domestic and international markets. • Failure of our product ranges, value proposition and brand image to achieve acceptance in international markets. • Compliance issues arising from numerous and potentially conflicting international legal standards, regulations and policies, particularly regarding the exit of store operations. • Failure to monitor, register and renew and protect key trademarks across all jurisdictions.	• Due diligence completed on all new market entries. • Wholesale arrangements with 3rd party e-commerce partners offering low risk entry to new markets. • As an established AEO (“Authorised Economic Operator”) New Look is well placed to benefit from any future EU customs regulations. • New Look owns the trade mark rights in all of the key markets that it operates in and an external service provider helps to manage and protect the Group portfolio. • Exit from existing China and European store markets managed with dedicated resource and external legal, property and operational support.
Information security (including Cyber)	• Risk of unauthorised data usage or malicious cyber-attack. • Systems failure compromising security or fulfilment of online transactions.	• Technical IT controls including configured firewall, network patching and anti-virus software. • Back-up procedures in place to deal with any short-term or specific loss of data. • Provision of secure externally hosted data storage facilities. • Qualified IT Security Team in place. • IT Security Policies produced and published. • Mandatory ‘Information Security around the workplace’ training module completed by all staff annually.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

RISKS AND UNCERTAINTIES (CONTINUED)

Risk Type	Description of the risk	Mitigation
Regulatory compliance	• Breaches of regulations or legal requirements, leading to significant fines and reputational damage. • Changes in the regulatory landscape adversely affecting our financial condition and operations. • Failure to effectively manage product quality and safety. • Data protection failure leading to prosecution, fines and reputational damage.	• Continuous monitoring of legal and regulatory developments by our legal team. • Oversight from established committees such as the Governance and Compliance Steering Group. • Key risks and regulatory developments presented to the audit committee twice each year. • Compulsory Health & Safety training for all staff. • Health & Safety inspection program in place. • FCA compliance monitoring program in place. • Compulsory Anti-bribery, Corruption and Fraud policy applicable to staff and suppliers, with annual training for all staff. • Corporate Gifts and Hospitality Registers in place. • Policy and training in place to prevent Corporate Facilitation of Tax Evasion. • Vendor on boarding checks completed. • Factory audit program in place, with action plans agreed to address any shortcomings. • Working groups established to ensure implementation of new legislation and monitor compliance; further review by our internal audit function. • Modern Slavery Statement published annually to set out compliance with legal requirements. • A newly implemented Goods For Resale Supplier Agreement covers the importance of product quality and safety and updated product recall processes and policies. • Data Protection Officer appointed. • GDPR Project Plan delivered and continuous monitoring and review in place.
Corporate social responsibility and sustainability	• Ethical or quality standards failure within the supply chain, leading to reputational damage. • Failure to comply with Modern Slavery standard.	• Clearly defined Corporate Social Responsibility ("CSR") Policy in place. • Dedicated in-house CSR team. • Structured audit processes at factories throughout our supply chain, conducted by internal and external teams, plus support for suppliers working towards full compliance with our ethical aims. • Pro-active membership of the Ethical Trading Initiative. • Clear policies and procedures in place including Modern Slavery.
Business continuity / IT disaster recovery	• Reliance on technology and single site distribution centre. • Failure to recover from a disaster scenario in a controlled and managed way affecting our business operations.	• Business Impact Assessment updated and supported by Disaster Recovery Plans. • Business Continuity Incident Management Team Protocol in place. • Incident Management Plans in place for all key sites and regularly updated. • Third party contractor retained for Disaster Recovery Services.

NEW LOOK RETAIL GROUP LIMITED
STRATEGIC REPORT (CONTINUED)
CORPORATE SOCIAL RESPONSIBILITY

Environmental strategy complements our work in ethical trade

Sharing standards across our global supply chain

It takes a complex, truly global supply chain to manufacture and deliver all the stylish products our customers love. Around 180 suppliers help us make them, through a network of over 600 factories across 25 countries.¹

Transparency is one of the key pillars to achieve our CSR strategy and also an important way to communicate our work to our customers and other external stakeholders. In our efforts to promote a more transparent supply chain, we started publishing our Tier 1 factory list on our group website in September 2017, and have been updating it on a biannual basis since then². In 2018 we were ranked in the top 30% highest scorers amongst all 150 brands scored in the Fashion Transparency Index.

Our ethical trade strategy is designed to focus on developing, engaging and supporting our workers voices and working conditions. Collaboration across the industry is one of the strongest approaches to deliver a sustainable and long lasting positive change in our supply chain. We work with different stakeholders, including other retailers, non-governmental organisations (NGOs), local experts or government initiatives to make this work.

We are longstanding members of the Ethical Trading Initiative (ETI) and adopted its Base Code as our Ethical Aims. We continually strive to reach best practices and reach out to the workers, delivering the best impact. This is only possible through organisations and platforms such as ETI where brands, NGOs and Trade Unions can work together to address the most challenging issues in key sourcing countries.

We want all workers to earn a living wage – an amount that is sufficient to meet their basic needs, support themselves and their families, and provide some discretionary spending power too. Again, it is only through collaboration between key stakeholders that this aim can be delivered. We are members of “Action, Collaboration, Transformation” (ACT) – a ground-breaking agreement between global brands, retailers and trade unions striving to transform the garment, textile and footwear industry. The aim is to achieve living wages for workers through collective bargaining at the industry level linked to purchasing practices.

The health and safety of the workers in our supply chain is extremely important. As a global baseline assessment we require all Tier 1 factories to submit third party audits, which we grade, and work alongside our suppliers to remediate any non-compliances found. As part of our commitment to protect and raise workplace safety and labour standards we continue to support the promotion of a safe supply chain in Bangladesh. Through the Accord we work actively with our suppliers and factories to complete the remediation. We are fully committed to the Transition Accord and at the time of publishing we remain hopeful an agreement will be reached for the effective handover of ongoing responsibilities back to the Bangladeshi government.

In the UK, we are proud that many other retailers and brands are part of the Fast Forward initiative we co-founded in 2013 to drive and support local manufacturing. This year we became signatories of the Apparel and General Merchandise Public and Private Protocol (Textiles Protocol), a partnership between retailers and enforcement bodies announced by the UK Prime Minister’s office in November 2018³. This protocol is an important step in the industry’s work to eradicate labour abuse in the UK textile industry, and we will continue to play our part.

Equality in our supply chain

We actively promote equality throughout all of our operations from our stores and support centres right across our global supply chain. We believe that everyone should have the same opportunities, treatment and rewards – regardless of gender, age or social status.

¹ As at 30 March 2019

² <https://www.newlookgroup.com/sustainability/factory-list>

³ <https://www.gov.uk/government/news/uk-fashion-brands-take-action-to-tackle-modern-slavery>

Equality in our supply chain (continued)

In our stores and support centres we are committed to equal and fair working practices, ensuring no job applicant or team member is discriminated against, directly or indirectly, on grounds of disability, gender, nationality, ethnic or racial origins, marital status, religious belief, political opinion, age or sexual orientation. We give equal opportunity of employment and career development to disabled and able persons according to their suitability to perform the work required and the services of existing colleagues who become disabled are retained whenever practicable. We are an active participant in the Employers' Network for Equality and Inclusion, a membership body committed to achieving and promoting best practice in equality and inclusion in the workplace.

We appreciate that in many of the countries from which we source our products, gender issues are intrinsically linked to social, economic, historical and cultural factors. In keeping with this understanding, we facilitate conversations within factories to better understand local factors. We believe engagement and education are vital to tackling discrimination and bias on the factory floor (where the vast majority of workers are women), and we have been working with the Ethical Trading Initiative in key projects around worker representation and empowerment in India, Bangladesh and Turkey.

Our no-discrimination approach extends to our refugee policy and remediation plan, especially in Turkey, through which we are committed to ensuring any refugees in our supply chain are employed on a formal basis, subject to correct legal procedures and fair working conditions.

Modern Slavery

We operate a zero-tolerance policy towards any form of modern slavery, forced or compulsory labour and human trafficking within our own operations or anywhere in our supply chain.

We recognise that modern slavery is a global issue to which no economy, industry or sector is immune. We require all our suppliers, factories, agents and units to commit and demonstrate continued adherence to our Ethical Aims, which specifically prohibit all forms of modern slavery and set out our threshold standards for fair and safe working conditions. These are aligned with the International Labour Organisation's conventions and the ETI's Base Code.

This year we have partnered with Anti-Slavery International to reinforce our approach in tackling this challenging issue in our supply chains. To live by our collaborative approach, we also signed The ASOS & House of Lords Modern Slavery Pledge with a common goal, to tackle modern slavery within the fashion supply chain.

We welcome the independent review that is taking place of the Act to strengthen and enhance the current legislation as this agenda evolves. Our latest Modern Slavery statement can be found on our website⁴.

Animal welfare

We support industry initiatives that share our stance on animal welfare and our drive to address the challenges of traceability.

We are committed to animal husbandry that respects animals' wellbeing at all times during the production of animal-derived materials. Although we have a strict policy that forbids the use of certain animal-derived products, such as fur or angora wool, some of our products do contain animal-derived materials such as leather or feathers. Any such materials must only be by-products from the food industry, and produced with high standards of animal husbandry.

⁴ <http://www.newlookgroup.com/sustainability/modern-slavery-statement>

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Animal welfare (continued)

During the year we banned the use of mohair in all our products in response to PETA's exposé. We also started a partnership with The Vegan Society to certify our upcoming vegan footwear and accessories ranges, which will be available in stores in 2019.

Environmental impact

We recognise the impact our business has on the environment and our responsibility to do all we can to reduce the footprint left on the planet by our activities.

We have recently launched a compelling sustainability agenda with ambitious targets to limit the impact at every step of our supply chain. Our mission is to offer our customers garments that have minimal impact on society and the environment at good prices.

In FY20 we will become members of the Sustainable Apparel Coalition and will start implementing the Higg Index in our own operations and main suppliers. The Higg Index is a suite of tools that enables brands like ours to measure a company's or product's sustainability performance at every stage within its supply chain.

Sustainable sourcing

One of the most important areas of the strategy is to source more sustainably. In 2018 we performed a risk analysis on the materials we currently purchase in order to prioritise our targets. The results showed we need to focus on Polyester, Cotton and Viscose in textiles and Polyurethane (PU) in footwear. We will focus on the uptake of fibres that have less environmental impact than their conventional counterparts and have set some challenging targets:

- 100% sustainably sourced cotton by 2021
- 100% traceable and sustainable viscose by 2023
- 100% non-leather vegan friendly footwear and bags by 2021
- 25% recycled polyester by 2020
- 100% water-based PU by 2023

In FY20 we will become members of Textile Exchange, an NGO which will support us in our journey to transition towards reaching these commitments.

We are involved in collaborative projects geared to delivering meaningful change. We are a member of the Better Cotton Initiative (BCI), which exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. Our membership with BCI will be key in delivering our targets to source more sustainable cotton.

Conscious of the environmental impact of leather tanning, we are part of the WWF's Leather Buyers Platform which aims to reduce pollution from tanneries along the Ganges River and support more sustainable leather production. We are making progress to implement this alongside WWF and other brands in the India region.

We also teamed up with NGO Canopy Planet to develop a forest and fabric policy to protect the world's remaining ancient and endangered forests, which is aligned with our pledges on viscose sourcing.

Circular economy

All our materials have an ongoing value. The waste hierarchy is being embedded in our DNA, and this applies not only to the textile streams but also to non-textile materials such as packaging.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Circular economy (continued)

For instance, New Look operates a reuse programme for hangers and has done for the last twenty years, over half our hangers are reused within our supply chain. In 2011 we introduced a blend of recycled polymer to our newly manufactured hangers to reduce our usage of virgin material. Over the last three years we have put 1,705 tonnes of hangers back into reuse in our supply chain, 36% of which has been in the last year.

This year we have recycled over 4,000 tonnes of cardboard and 250 tonnes of polythene (plastic).

As part of the new strategy, this year we have been working on a series of pledges to improve our environmental impact across our business:

- Zero waste in direct operations by 2020
- 100% of plastic carrier bags with 100% recycled by 2022
- Closing the loop on packaging by 2020
- Reducing the volume of plastic bags we put into the market by 25% by 2021
- Apparel take back programme in place by FY20

We are collaborating with UK Charity NewLife to give a better life to our garments. This year our estimated donation to this charity was 309 tonnes of stock, which helped raise over £400,000, making a huge difference to the Charity and the lives of children.

This summer we are planning to pilot a new initiative with Hospice UK, the national charity for hospice care and one of our three charity partners, to encourage our customers to donate their once loved, good condition clothes (of any brand) to their local Hospice shop to be resold. Through this partnership we are looking to reduce clothing waste sent to landfills, build local high street relationships and create a new lease of life for all. After the initial 3 month pilot we plan to work with Hospice UK to roll this out across their local retail network, as well as all of our UK stores.

Supply chain

We have set some ambitious pledges for our supply chain. We are going to focus on improving visibility of wet processing units, chemical management and overall environmental management of our factories as well as increase our transparency efforts to the public aiming at being amongst the top 10% scores in the Fashion Transparency Index by 2023.

People and culture

Across our support centres we are committed to embedding sustainability within our culture and practices by setting out clear targets which include training for all employees, team specific key performance indicators for sustainability, and the engagement of more employees in charitable and sustainable activities. We are committed to making our workplaces greener through learning opportunities, facilities initiatives, impact awareness and our 'green awards' launching later this year. We believe in the power of sustainable storytelling, of taking our people on a journey so that we can truly embed these values and behaviours.

Climate change

We now have a dedicated in house Energy Team who continually monitor the energy use within our stores. The team provides advice and support to store managers on how to control the systems in their stores to reduce energy consumption in compliance with the Carbon Reduction Commitment. The Energy Team also monitor any existing Building Management Systems (BMS) to ensure they are working as efficiently as possible, as well as reviewing other stores across the estate to establish whether others would benefit from having a BMS installed. We continue to fit energy-efficient LED lighting as standard in our new and refurbished stores.

NEW LOOK RETAIL GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Climate change (continued)

Climate change is an important priority for us, and we are working towards the following pledges:

- Reduce energy consumption by 10% year to year
- Report Scope 1 and Scope 2 CO2 emissions in 2019
- 100% renewable energy by FY20

Charitable giving

The New Look Foundation was set up in 2009 to support charities and community partnerships that make a positive difference to people's lives. In 2018 we reviewed our focus and renamed the New Look Foundation, New Look Gives.

In the summer of 2018 our UK employees helped choose Hospice UK, the retailTRUST and Teenage Cancer Trust to be our New Look Gives charity partners for the next three years. We believe long term partnerships have the most impact on our local communities and the causes that our New Look family cares about. We support charities that our people, customers and suppliers can all relate to, and where we can make the biggest difference. We want to add as much value as we can - by volunteering, sharing skills and knowledge, as well as raising money. Fundraising has been a great success through staff sample sales, sponsored sports events and team challenges. Through our charitable efforts we're genuinely committed to 'bring positivity to life'.

NEW LOOK RETAIL GROUP LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited, consolidated financial statements for the 53 weeks ended 30 March 2019.

Directors

The Directors whose details are set out on pages 30 and 31 are the current Directors of the Company.

During the year, the following persons were also Directors of the Company:

Alastair Walker resigned as Non-Executive Director of the Board on 31 March 2018.

Dr. Christo Wiese and Jacob Wiese resigned as Non-Executive Directors of the Board on 8 May 2018.

Sean Dougherty resigned as Non-Executive Director of the Board on 7 June 2018.

John Gnodde, Bruce Baisley and Christopher Seabrooke resigned as Non-Executive Directors of the Board on 17 May 2019.

Going concern

In assessing the Group's going concern status the Directors have concluded that it is not appropriate to adopt the principles of going concern and therefore the Group and Company accounts have been prepared on a basis other than going concern. An adjustment was required to reclassify investments held as non-current assets to current assets within the financial statements, no other adjustments were necessary, see note 2.1.

As a result of the restructuring transaction, see note 36 for further details, New Look Retail Group Limited is no longer the ultimate parent of New Look Limited and its subsidiaries, which together cover the ownership of the New Look brand and trading activities of the core business being, UK and ROI retail, e-commerce, third party e-commerce and franchise.

New Look Retail Group Limited will remain the ultimate parent of the International operations of the New Look group covering France and Poland, however as noted on page 6, the exit of these markets is expected during the next financial period.

As a result of the above, it is the Directors intention to wind up the Company within 12 months from the signing of these financial statements as a consequence of the restructuring transaction.

Land and buildings

The Directors believe there is no material difference between the market value and net book value of freehold land held by the Group.

Principal activities

The principal activity of the Group is multichannel retailing. A review of the Group's business is set out in the Strategic report as set out on pages 4 to 16. The Company acts as a holding company for the Group.

Future developments and business analysis

Future developments and an analysis of the development, performance and position of the Group's business are disclosed in the Chairman's statement on pages 2 and 3 and the Strategic report.

Employee policies

The Group's policies regarding employees are included in the Strategic report.

Dividends

The Group paid dividends of £nil (2018: £0.6 million) in the year to facilitate the buyback of shares from management leavers, see note 12. The Directors do not recommend the payment of a final dividend (2018: £nil).

NEW LOOK RETAIL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

Financial instruments – risk management and objectives

Risk management objectives and policies related to financial instruments are disclosed in note 3 to the Group financial statements.

Payment of suppliers

The Group's creditor days as at 30 March 2019 were 46 days (2018 restated: 49 days). Payment is made in accordance with contractual or other legal obligations.

Political donations

The Group made no political donations in the year (2018: £nil).

Events after the reporting period

See note 36 for details of events after the reporting period.

Indemnity insurance

The Company maintains qualifying 3rd party indemnity provisions for its Directors and officers; this was in place for the year ended 30 March 2019 and up to the date of approval of the Directors' report.

Directors' statement as to the disclosure of information to auditors

In respect of each Director who was a Director at the time when the report was approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware;
- each Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information, and to establish that the auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors.

By order of the Board,



Richard Collyer

Chief Financial Officer

21 June 2019

NEW LOOK RETAIL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

On behalf of the Board,



Alistair McGeorge

Executive Chairman

21 June 2019

NEW LOOK RETAIL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

THE BOARD OF DIRECTORS

Alistair McGeorge

Executive Chairman

Alistair McGeorge was appointed to the Board of Directors on 6 November 2017 when he took up the role of Executive Chairman. Previously he spent two-and-a-half years as Executive Chairman of New Look from 2011, plus another eight months in a non-executive role until May 2014. He was pivotal in the Company's turnaround during this period ahead of its sale to Brait. Prior to joining New Look he was CEO of Matalan and CEO of Littlewoods as well as Managing Director at BIGW.

Richard Collyer

Chief Financial Officer

Richard was appointed to the Board of Directors on 21 December 2016 when he took up the role of Chief Financial Officer. Richard first joined New Look in 2008 and has held a number of senior roles at New Look including Group Finance Director and Managing Director for Mim. Prior to joining New Look, he worked at PricewaterhouseCoopers in both Audit and Transactions.

Roger Wightman

Chief Product Officer

Roger was appointed to the Board of Directors on 25 June 2015. Having originally joined New Look in February 1990, Roger has held a number of senior roles including Head of Buying - Womenswear and Group Buying Director - Womenswear and Brands.

Nigel Oddy

Chief Operating Officer

Nigel was appointed to the Board of Directors on 1 April 2019 when he joined New Look as Chief Operating Officer. Nigel was formerly Chief Executive Officer of The Range. Prior to that, he spent over ten years at House of Fraser, as Chief Executive Officer from 2015 to 2017 and Chief Operating Officer from 2010 to 2014.

Tom Singh

Non-Executive Director

Tom founded the New Look business in 1969 and retained overall responsibility for New Look's Buying and Merchandising until he became a Non-Executive Director and consultant in May 2001. Following the public to private re-organisation in April 2004, he was appointed Managing Director, Commercial until June 2006 when he again became a Non-Executive Director. In March 2011, he re-joined the executive team as Commercial Director, leading its buying, merchandising, design and sourcing functions until May 2014. In 2014, Tom stepped into the role of Interim Non-Executive Chairman, before reverting back to his current role as Non-Executive Director.

Anna Singh

Non-Executive Director

Anna joined the Board as a Non-Executive Director in December 2015. She is co-founder of Chinti and Parker, a British luxury ready-to-wear label producing ethical garments with a fashion edge – a brand now sold in more than 130 stores worldwide, including Harrods and Liberty, and online at Net-a-Porter. Previously, Anna co-founded Pout, a British luxury cosmetics business that grew from a single flagship store in Covent Garden to an internationally recognised brand sold in more than 450 department stores and boutiques worldwide.

NEW LOOK RETAIL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

THE BOARD OF DIRECTORS (CONTINUED)

Paul Gilbert

Non-Executive Director

Paul was appointed to the Board of Directors on 17 May 2018. He is Senior Independent Non-Executive Director of The Gym Group plc, and has previously held roles as Chief Financial Officer (CFO) and acting Chief Executive Officer at Matalan, CFO at TJ Hughes and CFO at National Car Parks.

Report on the audit of the financial statements

Opinion

In our opinion, New Look Retail Group Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 30 March 2019 and of its loss and cash flows for the 53 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated balance sheet as at 30 March 2019; the Consolidated income statement and the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated statement of changes in equity for the 53 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Our audit approach

Overview



- Overall group materiality: £2.4 million (2018: £2.5 million), based on 0.2% of core group revenue.
- We performed an audit of the complete financial information of two full scope components and the audit of specific balances in eight components.
- The full and specific scope components accounted for 99% of group revenue (the measure used to calculate materiality).
- In addition, we performed procedures over goodwill, intangible assets, taxation and testing of the consolidation at a Group level.
- All entities, with the exception of China, in full and specific scope are managed from one central location in the UK. All audit work is undertaken by the UK engagement team.
- Identification and correction of accounting irregularities in accounts payable and related balance sheet accounts.
- Onerous lease provisions and impairment of store fixtures and fittings.
- Carrying value of inventory.
- Going concern.
- Fair value of assets and liabilities in those territories where exit has been agreed.
- Impairment of goodwill and other intangibles.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Identification and correction of accounting irregularities in accounts payable and related balance sheet accounts</i>	
During the period accounting irregularities were identified within the trade payables control account and other related balance sheet accounts.	We have reperformed the reconciliation of the trade payables control account and other related balance sheet accounts to the general ledger.
Management performed an in depth investigation, with the support of external advisors.	We have agreed reconciling items on the control accounts to supporting documentation.
The investigation identified that a number of improper journals were posted to this control account and related balance sheet accounts over a number of years by a former employee.	Trade and other payables: We have tested management's supplier statement reconciliations for all supplier balances greater than £0.86 million, and for a sample of smaller supplier balances selected on a risk based approach. In all cases we have obtained the balance directly from the supplier, and understood and tested reconciling items. We tested the remaining population on an invoice sample basis to confirmations received from the supplier. Where a confirmation was not received, we agreed amounts to subsequent payment or invoice.
Management and the external advisors reviewed the underlying accounting entries and records for these transactions. Meetings were held with various members of the finance team and email correspondence for key individuals were reviewed. Management have undertaken a detailed exercise to reconcile statements for key suppliers.	We have obtained confirmations from customers, on a sample basis, to agree the amounts on the trade receivables ledger. Where a confirmation is not received, we have agreed to subsequent cash receipt or invoice.
The extent of the accounting irregularities and corrections required have been determined by management to arise across all years from the period ended 30 March 2013.	On other related balance sheet accounts, such as trade receivables, we have also performed a number of specifically designed unpredictable procedures to identify if any further indicators of material fraud exist.
As detailed on page 104 to the financial statements management did not identify a material correction in respect of the current or prior periods. Therefore, only FY18 opening accumulated loss reserves have been restated to reflect a £6.1 million reduction, along with a £0.4 million decrease in trade and other receivables, and an increase of £5.7 million in trade and other payables.	We have reviewed journal activity by the former employee outside of trade and other payable and other related balance sheet accounts for indication of any improper postings in these areas.
	In addition to our independent testing, we have reviewed the work performed by management and management's external

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
	advisor and the extent of the investigation performed to identify and calculate the corrections. We did not identify any further exceptions. We reviewed the presentation and disclosure of the accounting irregularities and are satisfied that these are appropriate.
<i>Onerous lease provisions and impairment of store fixtures and fittings</i>	
The current trading performance of the group's store portfolio and the wider retail market heightens the risk of store performance issues. Where a store is identified as potentially loss making an assessment of store strategy and commercial planning are considered. If there is an intention to exit the store or management's judgement is that the store will not return to profitability then an onerous lease provision is required after all associated assets have been written off. Poor performing stores are also an indicator that store fixtures and fittings may not be recoverable. As at 30 March 2019 the net book value of fixtures and equipment held by the group was £57.3 million, as disclosed in note 13 to the financial statements. In the previous financial period, a Company Voluntary Arrangement (CVA) was approved. The impacts of the CVA have been reflected in management's assessment of onerous lease provisions and impairments within the UK store portfolio.	Onerous lease provisions We performed procedures to identify store leases which could be considered onerous due to the store being loss making, vacant or those showing a marginal profit at EBIT level. We compared our assessment to that prepared by management to assess the completeness of the provision. We held discussions with individuals outside of finance to establish the longer term strategic plans for key loss making/marginal profit stores. For UK stores, we assessed the strategy against the CVA agreement to make sure it is consistent. We have tested, on a sample basis, the inputs feeding into the discounted cash flow forecasts for these stores and the mechanics and mathematical accuracy of the calculations. We have challenged management's key assumptions including the appropriateness of the discount rate applied in calculating the onerous lease provision.
Onerous lease provisioning As detailed in note 27 to the financial statements, the group holds provisions relating to onerous lease obligations of £4.8 million. Judgement is involved in assessing the completeness of the provisions. Loss making stores at a cash EBITDA level are included within the provision calculation. The key assumptions applied by management in estimating this provision are: - the discounted cash flows based on individual store strategy; - the length of void periods; and - country specific discount and growth rates. Impairment of store fixture and fittings As detailed in note 13 to the financial statements, fixtures and fittings impairments of £10.9 million have been recorded in the period.	Impairment of store fixture and fittings We have considered the completeness of the review performed by management by comparing the number of stores included within management's impairment assessment to the total number of stores. We have challenged management and tested the impairment models and calculations by performing the following: - testing the mechanical accuracy of the impairment models; - assessing the discount rates applied to the impairment reviews for each country and comparing the rates to our benchmarks of market data which were assessed in conjunction with our valuation experts; - comparing forecast growth rates to budget and assessing long term growth rate for reasonableness;

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
Continued difficult trading performance has resulted in management performing an impairment review across the entire store portfolio. Management have performed a value in use calculation to determine the recoverable value at an individual store level, as each store is considered to be a cash generating unit ("CGU"). The key assumptions applied by management in their store fixtures and fittings impairment reviews are: - country-specific discount rates; - store costs including an allocation of central overheads; - forecast future capital expenditure; and - forecast trading performance and growth.	- challenging key inputs into the value in use computation, namely forecast sales growth and margin by reviewing both past performance, the budget and our understanding of the group's strategic initiatives and the rationale for future assumptions; - assessing other key assumptions made in the models, including the value in use period, future capital expenditure and whether group overheads have been appropriately allocated; and - testing the underlying data included in the models on a sample basis. We also reviewed the disclosures provided regarding onerous lease provisions and impairment of store fixtures and fittings. No material issues have been identified from the procedures performed over the period end onerous lease provision, the charge for impairment of store fixtures and fittings and the period end carrying value of store fixtures and fittings.
<i>Carrying value of inventory</i> As shown in note 16 to the financial statements, the group held inventories of £131.8 million at the period end. As described in the Accounting Policies in note 2 to the financial statements, inventories are valued at the lower of cost and net realisable value. The challenging retail market and difficult trading conditions require the continued use of stronger mark down strategies with items being sold below cost in some instances. There continues to be a strong discount culture within the market and, combined with the nature of the fast moving fashion industry, this inherently means there is a risk of inventory being sold below net realisable value or becoming obsolete. As a result, management apply judgement in determining the appropriate provisions for inventory based upon a detailed analysis of slow moving inventory, obsolete inventory, and inventory with a cost in excess of net realisable value. This is considered in conjunction with plans for inventory to go on sale or promotion. The assessment of inventory provisions requires significant judgement and, with challenging trading performance and the increase in inventory lines written off during the period, the risk around the valuation of inventory provisioning remains a focus area for the audit.	We reconciled the inventory values used in the provision calculations to the general ledger and re-performed management's provision calculations to ensure mathematical accuracy. We obtained evidence over the quantities of inventory through assessing the Group's controls by attending inventory counts at the distribution centre and at a sample of stores and reviewing, a sample of results of those counts not attended. We understood the methodology used to calculate the inventory provisions and determined that it was consistent with that applied in the prior period. For aged inventory we obtained an ageing summary of inventory which we reconciled back to the general ledger. We then tested a sample of items to validate the accuracy of the ageing applied in this summary. We assessed the level of aged inventory at 30 March 2019, and reviewed subsequent sales to check the reasonableness of the judgement involved in the provisions applied to the period end inventory valuation. We performed sensitivity analysis for key assumptions and reviewed the relevant disclosures in the financial statements. Nothing arose from our work to suggest that the inventory provisions recorded were materially misstated.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Fair value of assets and liabilities in those territories where exit has been agreed</i>	
The Group's exit from China and Belgium and the withdrawal from its international operations in Poland and France required assessment of exposures arising from these changes. As set out in note 27, a provision of £4.6m has been recorded in relation to expected future exit costs. The calculation of this provision is subject to estimation due to the uncertain nature of future exposures.	We reviewed management's estimates and judgements in determining the valuation of the International exit provisions, and agreed the calculations back to relevant source data. We received confirmations from lawyers and advisors involved in the international exits. The confirmations provided did not identify any additional items which had not already been assessed by management. No exceptions were noted from the procedures performed.
<i>Impairment of goodwill and other intangibles</i>	
The Group balance sheet includes nil goodwill, as it was fully impaired during this financial period, and £237.7 million of brands, trademarks and licenses as disclosed in note 14 to the financial statements. The goodwill and brands within the group arose via business combinations. Determining whether the carrying value of goodwill and brands are impaired requires management to make significant estimates in determining the fair value or value in use. We focused on this area due to the continued difficult trading conditions during FY19 and the execution of the transaction post period end (see note 36) in which the brand was sold as part of this transaction. Management of the new group have obtained an independent valuation as at 3 May 2019 to determine the fair value of the brand to be recognised within the new group. This valuation has been used to support the recoverable amount of the brand in this Group as at 30 March 2019. This has resulted in management establishing a fair value of £237.7 million and consequently an impairment of £44.0 million has been recorded within the financial statements as disclosed within note 14.	We assessed the terms of the post period end transaction, which includes the sale of the core trading entities at book value to a new structure, thus leading to the full impairment of goodwill as at 30 March 2019. We considered management's assessment that the fair value of the brand in the new group equates to the recoverable amount of the brand in the Group at the period end. We have tested the principles and assumptions of the valuation performed by management's expert used to assess the brand impairment. We challenged the cash flow projections used within the model by reference to current levels of performance and historic forecasting accuracy. With the assistance of our valuation specialists, we have assessed the growth and discount rates used in this fair value calculation by comparing the assumptions to external data. We concluded the assumptions were appropriate. We reviewed whether disclosures are appropriately made in accordance with the applicable accounting framework. Based on the procedures performed no material issues were identified.

NEW LOOK RETAIL GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW LOOK RETAIL GROUP LIMITED

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

As described in the Strategic report, specifically on page 5, the group is predominantly a multichannel retailer in the UK and ROI with an online business covering key international markets. To comply with local regulations the group has separate legal entities in a number of territories. The scope of our audit includes the main trading company located in the UK and procedures across the other primary trading entities and debt holding companies which represent the principal business units within the group.

	Number	Revenue	Loss before taxation	Total assets
Full scope ^[1]	2	87%	67%	88%
Specific scope ^[2]	8	0%	18%	4%
Full and specific scope coverage	10	87%	86%	92%
Remaining components ^[3]	21	1%	14%	8%
Total reporting components	100%	100%	100%	100%

^[1] Full scope components are New Look Retailers Limited and New Look Secured Issuer plc based on their size and risk characteristics. We performed an audit of the complete financial information of these full scope components. For the elimination adjustments and balances arising on consolidation posted in the group consolidation, we performed procedures including the testing of group tax journals, consolidation journals and intercompany eliminations.

^[2] Specific scope components comprise four overseas trading entities, two financing companies, one property trading company and one debt holding company. We performed audit procedures on specific accounts within these components that we considered had the potential for the greatest impact on significant accounts in the group financial statements, either because of the size of these accounts or their risk profile.

^[3] These entities are subject to overall analytical review procedures to respond to any potential risks of material misstatement to the group financial statements. Although not relied upon for the purpose of this opinion, the majority of the remaining components have to prepare statutory accounts which are audited by PwC member firms.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£2.4 million (2018: £2.5 million).
How we determined it	0.2% of core Group revenue.
Rationale for benchmark applied	We believe that core revenue provides the most consistent and stable basis for currently determining materiality. Continued mark down strategies and declining footfall in a challenging market have led to significant fluctuations in profit and EBITDA measures which do not reflect underlying changes in the size and nature of the business.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW LOOK RETAIL GROUP LIMITED

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.1 million and £2.3 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.1 million (2018: £0.1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 30 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 29, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 to cease operations, or have no realistic alternative but to do so.

NEW LOOK RETAIL GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW LOOK RETAIL GROUP LIMITED

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.



Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
21 June 2019

NEW LOOK RETAIL GROUP LIMITED
CONSOLIDATED INCOME STATEMENT

		<i>For the financial periods</i>	
		<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>Note</i>	<i>£m</i>	<i>£m</i>
Continuing operations			
Revenue	5, 6	1,239.0	1,288.6
Cost of sales		(666.5)	(707.5)
Gross profit		572.5	581.1
Administrative expenses		(1,020.8)	(704.6)
Operating loss	7	(448.3)	(123.5)
Finance income	9	4.5	2.3
Finance expense	9	(93.7)	(84.0)
Loss before taxation		(537.5)	(205.2)
Taxation	11	15.3	15.1
Loss from continuing operations		(522.2)	(190.1)
Discontinued operations			
Loss from discontinued operations	15	(30.5)	(33.7)
Loss attributable to the owners of New Look Retail Group Limited		(552.7)	(223.8)

The notes on pages 46 to 109 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the financial periods	
		53 weeks ended 30 March 2019 £m	52 weeks ended 24 March 2018 £m
Loss for the period		(552.7)	(223.8)
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	24, 31	16.3	(34.0)
Exchange differences on translation of foreign operations	31	0.4	1.2
Tax effects	11, 31	(2.7)	6.0
Items that have been reclassified to profit and loss:			
Disposal of discontinued operations		(2.1)	-
Other comprehensive income/(expense) for the period, net of tax		11.9	(26.8)
Total comprehensive loss for the period		(540.8)	(250.6)

The income tax relating to each component of other comprehensive income is disclosed in note 11.

The notes on pages 46 to 109 are an integral part of these consolidated financial statements.

NON-GAAP INFORMATION

Underlying operating profit/(loss) and adjusted EBITDA, non-GAAP measures, (see note 2.22) are calculated as follows:

	Note	For the financial periods	
		53 weeks ended 30 March 2019 £m	52 weeks ended 24 March 2018 £m
Continuing operations			
Operating loss		(448.3)	(123.5)
Add back/(deduct):			
Operating exceptional items excluding exceptional onerous lease release	10	46.1	27.9
Share based payment charge	29	2.5	20.2
Fair value movement of financial instruments	24	0.3	1.9
Impairment charge for tangible and intangible assets	13, 14	423.3	19.7
Movement in onerous lease provision	10, 27	(4.1)	(0.4)
Underlying operating profit/(loss) from continuing operations	5	19.8	(54.2)
Add back:			
Depreciation	13	30.1	39.4
Amortisation	14	19.0	19.8
Adjusted EBITDA* from continuing operations	5	68.9	5.0
Discontinued operations			
Underlying operating loss from discontinued operations	5, 15	(16.6)	(20.1)
Adjusted EBITDA from discontinued operations	5, 15	(15.3)	(15.7)
Group underlying operating profit/(loss)	5	3.2	(74.3)
Group adjusted EBITDA	5	53.6	(10.7)

*Core adjusted EBITDA £80.2 million (2018: £18.0 million), see note 5. Core comprises UK and ROI retail, e-commerce, third party e-commerce and franchise.

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED BALANCE SHEET

		<i>As at</i>	
		30 March 2019	24 March 2018
	<i>Note</i>	£m	<i>restated</i>
			£m
Non-current assets			
Property, plant and equipment	13	-	101.2
Intangible assets	14	-	723.1
Other receivables	17	-	14.0
Deferred income tax assets	11	-	28.0
		-	866.3
Current assets			
Property, plant and equipment	13	65.2	-
Intangible assets	14	294.2	-
Inventories	16	131.8	149.1
Trade and other receivables	17,31	59.8	77.7
Derivative financial instruments	18	0.1	0.6
Deferred income tax assets	11	33.0	-
Cash and cash equivalents	19,25	85.6	59.3
		669.7	286.7
Total assets		669.7	1,153.0
Current liabilities			
Trade and other payables	20,31	(282.9)	(244.7)
Current tax liabilities		(5.4)	(3.7)
Borrowings	21	(1,424.9)	(100.0)
Derivative financial instruments	22	(3.3)	(19.8)
Provisions	27	(13.5)	(8.9)
Deferred income tax liabilities	11	(42.1)	-
		(1,772.1)	(377.1)
Non-current liabilities			
Deferred income and other payables	20	-	(61.9)
Borrowings	21	-	(1,224.7)
Provisions	27	-	(6.3)
Deferred income tax liabilities	11	-	(49.7)
		-	(1,342.6)
Total liabilities		(1,772.1)	(1,719.7)
Net liabilities		(1,102.4)	(566.7)

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED BALANCE SHEET (CONTINUED)

		<i>As at</i>	
		30 March 2019	24 March 2018
	<i>Note</i>	£m	<i>restated</i>
			£m
Equity attributable to the owners of New Look Retail Group Limited			
Share capital	30	10.4	10.4
Share premium	30	0.6	0.6
Other reserves	31	(262.1)	(274.0)
Accumulated losses	31	(851.3)	(303.7)
Total equity		(1,102.4)	(566.7)

The notes on pages 46 to 109 are an integral part of these consolidated financial statements.

The financial statements on pages 40 to 109 were authorised for issue by the Board of Directors on 21 June 2019 and were signed on its behalf by:



Alistair McGeorge

Executive Chairman

New Look Retail Group Limited

Registration number: 05810406

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to the owners of New Look Retail Group Limited				Total equity £m
	Note	Share capital £m	Share premium £m	Other reserves £m	Accumulated losses £m	
Balance at 25 March 2017	30, 31	10.4	0.6	(247.2)	(93.3)	(329.5)
Opening adjustment	31	—	—	—	(6.1)	(6.1)
Balance at 25 March 2017 (restated)		10.4	0.6	(247.2)	(99.4)	(335.6)
Comprehensive income and expense						
Loss for the financial period	31	—	—	—	(223.8)	(223.8)
Other comprehensive income and expense						
Exchange differences on translation of foreign companies		—	—	1.2	—	1.2
Movements in hedged financial instruments	24	—	—	(34.0)	—	(34.0)
Tax on items recognised directly in other comprehensive income and expense	11	—	—	6.0	—	6.0
Total other comprehensive income and expense		—	—	(26.8)	—	(26.8)
Total comprehensive loss		—	—	(26.8)	(223.8)	(250.6)
Transactions with owners:						
Employee share option scheme:						
– value of employee services	29, 31	—	—	—	20.1	20.1
Dividends paid	12	—	—	—	(0.6)	(0.6)
Total transactions with owners		—	—	—	19.5	19.5
Balance at 24 March 2018 (restated)	30, 31	10.4	0.6	(274.0)	(303.7)	(566.7)
Change in accounting standard – IFRS 15	2.1.3	—	—	—	1.4	1.4
Balance at 24 March 2018 (restated)		10.4	0.6	(274.0)	(302.3)	(565.3)
Comprehensive income and expense						
Loss for the financial period	31	—	—	—	(552.7)	(552.7)
Other comprehensive income and expense						
Exchange differences on translation of foreign companies		—	—	0.4	—	0.4
Movements in hedged financial instruments	24	—	—	16.3	—	16.3
Tax on items recognised directly in other comprehensive income and expense	11	—	—	(2.7)	—	(2.7)
Disposal of discontinued operations	15	—	—	(2.1)	—	(2.1)
Total other comprehensive income and expense		—	—	11.9	—	11.9
Total comprehensive profit/(loss)		—	—	11.9	(552.7)	(540.8)
Transactions with owners:						
Employee share option scheme:						
– value of employee services	29, 31	—	—	—	3.7	3.7
Total transactions with owners		—	—	—	3.7	3.7
Balance at 30 March 2019	30, 31	10.4	0.6	(262.1)	(851.3)	(1,102.4)

The notes on pages 46 to 109 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

		<i>For the financial periods</i>	
		<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>Note</i>	<i>£m</i>	<i>£m</i>
<i>Cash flows from operating activities</i>			
Operating loss		(448.3)	(123.5)
Depreciation of property, plant and equipment	13	30.1	39.4
Impairment of property, plant and equipment	13	7.6	18.7
Amortisation of intangible assets	14	19.0	19.8
Impairment of intangible assets	14	415.7	1.0
Loss on disposal of property, plant and equipment and intangible assets		2.3	2.2
Share based payment charge		3.7	20.2
Fair value losses on financial instruments		0.3	1.9
Foreign exchange (gains)/losses on operating activities		(0.7)	1.6
Amortisation of lease inducements		(16.2)	(15.6)
Decrease in inventories		8.5	11.0
Decrease in trade and other receivables		27.4	17.0
Increase in amounts due from discontinued operations		(18.4)	(24.2)
Increase/(decrease) in trade and other payables		3.8	(14.5)
Increase in deferred income		—	11.7
Increase in provisions		0.5	2.5
Income taxes received		1.8	8.5
Net cash flow generated from/(used in) operating activities (continuing operations)		37.1	(22.3)
Net cash flow (used in)/generated from operating activities (discontinued operations)		(8.1)	4.4
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment		(11.9)	(26.1)
Purchase of intangible assets		(8.7)	(23.8)
Net proceeds from sale of property, plant and equipment		0.5	3.9
Net cash flow used in investing activities (continuing operations)		(20.1)	(46.0)
Net cash flow used in investing activities (discontinued operations)		(0.8)	(5.9)
<i>Cash flows from financing activities</i>			
Interest paid		(77.1)	(84.5)
Interest received		0.2	5.8
Proceeds from bridge facility		80.0	—
Debt factoring commission		(0.3)	—
Proceeds from overdraft		15.0	—
Investment in discontinued operations		(3.0)	(2.6)
Dividends paid		—	(0.6)
Net proceeds from restrike of swaps		—	18.7
Net proceeds from cancellation of swaps		—	17.3
Proceeds from revolving credit facility drawdown		—	100.0
Net cash flow generated from financing activities (continuing operations)		14.8	54.1
Net cash flow generated from financing activities (discontinued operations)		3.0	2.6
Net increase/(decrease) in cash and cash equivalents	25	25.9	(13.1)
Opening cash and cash equivalents	19,25	59.3	73.2
Exchange gains/(losses) on cash and cash equivalents	25	0.4	(0.8)
Closing cash and cash equivalents	19,25	85.6	59.3

The notes on pages 46 to 109 are an integral part of these consolidated financial statements.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Authorisation of financial statements

The consolidated financial statements of the Group for the 53 weeks ended 30 March 2019 were authorised for issue by the Board of Directors ('the Board') on 21 June 2019 and the balance sheet was signed on the Board's behalf by Alistair McGeorge. New Look Retail Group Limited is a private limited company incorporated and domiciled in England & Wales whose registered office is New Look House, Mercery Road, Weymouth, Dorset, England, DT3 5HJ. The registered number of the company is 05810406.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Group financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The Directors do not consider the going concern basis of preparation to be appropriate, see note 2.1.1. The Group financial statements have been prepared on a basis other than going concern in accordance with International Financial Reporting Standards as adopted for use in the European Union (IFRSs as adopted by the EU), International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. A basis other than going concern adjusts financial statements to reduce assets to their recoverable values, to provide for liabilities arising from the decision and to reclassify non-current assets and long-term liabilities as current assets and liabilities. An adjustment was required to reclassify all non-current assets and long-term liabilities to current assets and liabilities. As part of the transaction that completed on 3 May 2019, New Look Limited and its subsidiaries were sold to New Look Bonds Limited with the assets and liabilities being sold at book value, therefore no adjustments have been required to the valuation of these assets and liabilities as they are considered to be at net realisable value. The subsidiaries of New Look Retail Group Limited that were not sold are intended to be liquidated and as such adjustments have been made to recognise their assets and liabilities at net realisable value. The comparative financial information was prepared on a going concern basis.

The consolidated financial statements are presented in Pound Sterling ('Sterling') and all values are rounded to the nearest £0.1 million except where otherwise indicated.

The results are prepared under the historical cost convention, except for the revaluation of financial assets and financial liabilities (including derivatives) at fair value through the income statement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 Going concern

In assessing the Group's going concern status the Directors have concluded that it is not appropriate to adopt the principles of going concern and therefore the accounts have been prepared on a basis other than going concern.

As a result of the restructuring transaction, see note 36 for further details, New Look Retail Group Limited is no longer the ultimate parent of New Look Limited and its subsidiaries, which together cover the ownership of the New Look brand and trading activities of the core business being, UK and ROI Retail, e-commerce, third party e-commerce and franchise.

New Look Retail Group Limited will remain the ultimate parent of the International operations of the New Look group covering France and Poland, however as noted on page 6, the exit of these markets is expected during the next financial period.

As a result of the above, it is the Directors intention to wind up the Company within 12 months from the signing of these financial statements as a consequence of the restructuring transaction.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.1.2 Restatement of opening FY18 reserves

As a result of the accounting review explained on page 14, the Group has assessed the accounting periods in which the identified £6.1 million improper journals were posted.

The Group has determined the required corrections across accounting periods based on evidence obtained following a detailed review of the emails of key individuals, underlying accounting entries and reconciliations of outstanding supplier and customer accounts. A detailed review of the account postings did not identify material improper postings during the current or prior period. The correction reported is in respect of the accounting periods between the 53 weeks ended 30 March 2013 and the 52 weeks ended 25 March 2017 and corrected by way of restatement to the FY18 opening accumulated loss reserves, see note 31.

2.1.3 Changes in accounting policy and disclosures

a) *Standards, amendments and interpretations that were effective in the period and were adopted by the Group in preparing the financial statements.*

IFRS 9, 'Financial instruments' and amendments, which replaces the guidance in IAS 39 – effective for accounting periods beginning on or after 1 January 2018. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model and the hedging amendment issued in December 2013. The Group has adopted IFRS 9 with the exception of the hedge accounting requirements given there is currently a choice in application. The Group continues to apply the existing hedge accounting requirements of IAS 39. There is not a material impact on the financial statements following the adoption of IFRS 9, see note 2.11 for updated accounting policy.

IFRS 15 'Revenue from contracts with customers' and amendments – effective for accounting periods beginning on or after 1 January 2018. This standard replaced IAS 18 and IAS 11 and is based on a single model that distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time. The Group has adopted IFRS 15 for the first time in these financial statements and has opted for the modified retrospective approach with the cumulative effect of initially applying IFRS 15 recognised in equity at the date of initial application of 24 March 2018. The new guidance requires gift card revenue to be recognised earlier than under IAS 18, as a result an adjustment to opening retained earnings of £1.4 million has been made to recognise this, see page 44. There has not been a material impact to revenue recognised in the period, see note 2.3 for updated accounting policy. Additionally, the refund accrual is now recognised and disclosed as a gross asset and liability rather than on a net basis, the impact of which is summarised in the following table:

	IFRS 15	IAS 18 and IAS 11
Balance sheet	£m	£m
Inventory	131.8	129.9
Accruals	(87.2)	(85.3)

IFRS 2 'Share-based payment' – effective for accounting periods beginning on or after 1 January 2018. This amendment clarifies how to account for certain types of share-based payment transactions. There has not been a material impact on the financial statements as a result of this amendment.

IAS 40 'Investment property' – effective for accounting periods beginning on or after 1 January 2018. This amendment clarifies that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. There has not been a material impact on the financial statements as a result of this amendment.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.1.3 Changes in accounting policy and disclosures (continued)

- a) *Standards, amendments and interpretations that were effective in the period and were adopted by the Group in preparing the financial statements.*

IFRIC 22 ‘Foreign currency transactions and advance consideration’ – effective for accounting periods beginning on or after 1 January 2018, but as yet not endorsed by the EU hence not adopted by the Group. The IFRIC clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of a related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

Annual improvements 2014-2016 cycle – effective for accounting periods beginning on or after 1 January 2018. There has not been a material impact on the financial statements as a result of the improvements.

- b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group. The Group is still considering the impact of these changes, but any impact is not expected to be material to the Group’s financial statements, unless stated otherwise below. No other existing standards that are not effective are relevant to the Group’s operations.*

IFRS 9, ‘Financial instruments’ – effective for accounting periods beginning on or after 1 January 2019. The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met – instead of at fair value through profit or loss.

IFRS 16 ‘Leases’ – effective for accounting periods beginning on or after 1 January 2019. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The adoption of IFRS 16 will have a material effect on the Group financial statements, as discussed below.

The new standard is applicable to the Group for the period beginning 31 March 2019 therefore the first reported accounting period under IFRS 16 will be for the period ended 28 March 2020.

On adoption of IFRS 16, lease agreements will give rise to both a right of use asset and a lease liability for future lease payables. The right of use asset will be depreciated on a straight-line basis over the life of the lease. Interest will be recognised on the lease liability, resulting in a higher interest expense in the earlier periods of the lease term. The total expense recognised in the income statement over the life of the lease will be unaffected by the new standard.

However, IFRS 16 will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases.

The Group has a large portfolio of leased properties and other equipment, including stores, warehouses, support centres and vehicles. The minimum lease commitment on these at the financial period end is disclosed in note 28.

Transition

The Group has chosen to adopt the simplified modified retrospective approach to transition which does not require restatement of the prior period comparatives. For leases previously classified as operating leases, a lease liability will be recognised for the remaining lease payments discounted using the incremental borrowing rate as at 31 March 2019. A corresponding right-of-use asset will be recognised at an amount equal to the liability.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.1.3 Changes in accounting policy and disclosures (continued)

- b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group. The Group is still considering the impact of these changes, but any impact is not expected to be material to the Group's financial statements, unless stated otherwise below. No other existing standards that are not effective are relevant to the Group's operations (continued).*

Transition (continued)

New Look has established a cross functional working group to ensure the Group takes all the necessary steps to comply with the requirements of IFRS 16, reporting regularly to the Audit Committee. Significant work has been completed during the period including the collection of relevant data, changes to internal processes and the determination of relevant accounting policies.

The Group will apply the short term and low value lease exemptions both on transition and beyond and will adopt the transition reliefs in relation to initial direct costs and use of hindsight. In light of the clear intention of the Group to exit the China, Belgium, France and Polish markets within 12 months of the balance sheet date, management have applied judgment and have not included any IFRS 16 adjustments relating to these territories within the IFRS 16 expected impact.

Management have assumed for the purposes of estimating the IFRS 16 impact that the future rent payable on CVA stores is equal to that of market rents. See note 4 for further information on the CVA.

Impact to the financial statements

On adoption of IFRS 16, the main impact for the Group will be the recognition of right-of-use assets and lease liabilities on the balance sheet for all applicable leases. On 31 March 2019 the Group expects to recognise lease liabilities (which represent the total cash commitments under operating leases discounted to present value) and an opening right of use asset in the range of £400.0 million to £450.0 million.

The income statement will reflect a decrease to profit before taxation for the period ended 28 March 2020 of between £16.0 million and £20.0 million. Operating profit is expected to increase as the new depreciation charge will be lower than the current lease expense, this increase is expected to be within a range of £24.0 million to £28.0 million. Finance expense is expected to increase within a range of £40.0 million and £48.0 million reflecting the higher finance costs. The adoption of IFRS 16 is not expected to have a material impact on the Group's effective tax rate.

There will not be any quantitative impact to cash flows, other than the phasing of tax cash flows relating to movements in profit.

The Group's activities as a lessor are not material and therefore the Group does not expect any significant impact on the financial statements. However as required by IFRS 16, additional disclosures will be included within the notes to the financial statements for the period ended 28 March 2020.

IAS 19 'Employee benefits' – effective for accounting periods beginning on or after 1 January 2019. This amendment specifies how companies determine pension expenses when changes to a defined benefit pension plan occur.

IFRS 3, 'Business combinations' – effective for accounting periods beginning on or after 1 January 2019, but as yet not endorsed by the EU. The amendments improve the definition of a business and help to determine whether an acquisition made is of a business or a group of assets.

IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' – effective for accounting periods beginning on or after 1 January 2020. The amendments clarify the definition of material and make IFRSs more consistent.

IFRIC 23 'Uncertainty over income tax treatments' – effective for accounting periods beginning on or after 1 January 2019. The IFRIC clarifies how the recognition and measurement requirements of IAS 12 are applied where there is uncertainty over income tax treatments.

Annual improvements 2015-2017 cycle – effective for accounting periods beginning on or after 1 January 2019.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.2 Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and its subsidiary undertakings

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. The results of subsidiaries disposed of are consolidated up to the date on which control transfers from the Group. When the Group ceases to have control, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

Acquisitions of subsidiaries by the Group prior to 1 July 2009 have been included in the Group financial statements using the purchase method of accounting that measures the assets and liabilities given, incurred or assumed at their fair value at the acquisition date, plus costs directly attributable to the acquisition. For all acquisitions occurring on or after 1 July 2009, costs relating to the acquisition are expensed.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Acquisitions which result from a newly created company issuing shares to achieve a business combination are treated as a group reorganisation. When the acquiree has not been combined with any other business and continues to meet the definition of a business then reverse acquisition accounting has been applied.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

2.3 Revenue

For the financial period ended 30 March 2019, the Group has adopted IFRS 15 for the first time. The nature and effect of these changes are disclosed in 2.1.3.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue represent amounts received and receivable for goods and services provided to customers outside the Group, stated net of returns, staff discounts, and value added and other sales taxes.

The Group recognises revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

- Sales of goods and concession income are recognised when control passes which is deemed to be when goods are delivered and title passed. Income from rendering of services is recognised when the services have been performed. E-Commerce sales are recognised when the goods are despatched to the customer.
- Revenue from concessions is shown on a net basis, being the commission received rather than the gross value achieved by the concessionaire on the sale.
- Rental income in respect of sub-leased stores is recognised on a straight-line basis over the period of the sub-lease.
- Franchise income is received in connection with the franchise of the Group's brand name overseas. In the prior period, franchise fee income represented the release of the upfront exclusivity fee that had been spread over the term of the agreement.

Franchise royalty income is recognised in accordance with the related underlying trading performance of the franchisee. Monthly income covering the supply of goods to the franchisee is included in the sale of goods.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Revenue (continued)

It is the Group's policy to sell its products to the end customer with a right of return. Refund accruals are estimated based on accumulated experience as this method best predicts the amounts of variable consideration to which the Group will be entitled. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Gift card sales are deferred and subsequently recognised when redeemed by the customer or on expiry. An estimate of breakage is made on the sale of a gift card and recognised over the expected pattern of usage of gift cards.

The Group ran a loyalty scheme in China. The cost of loyalty initiatives was part of the fair value of consideration received, and was deferred and subsequently recognised over the period that the loyalty awards were redeemed. The fair value of points awarded was determined with reference to the fair value to the customer.

2.4 Cost of sales

Cost of sales consists of expenses incurred in bringing products to a saleable position and condition. Such costs principally include purchasing of products from suppliers, packaging, freight and distribution costs. Depreciation and amortisation relating to assets at the distribution centre are presented within administrative expenses.

In addition, cost of sales also includes volume based rebate income from suppliers. These rebates are recognised when contractually agreed volume thresholds are expected to be met. The amount of rebate recognised is the proportion of the total rebate due based on actual volumes achieved in the period.

Credit card charges are presented within administrative expenses.

2.5 Finance income and expense

Interest income and expense is accounted for on the accruals basis, by reference to the principal outstanding and the applicable effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

2.6 Exceptional items

Significant items of income and expense that are not considered in the ordinary course of business are disclosed in the underlying operating profit reconciliation as exceptional items. The separate reporting of exceptional items helps provide an indication of the Group's underlying trading performance.

Items which may be classified as exceptional include transactions relating to the sale of the Group, costs of restructuring and reorganisation of the business, costs incurred as part of the review of business financing not eligible to be treated as debt issue costs and gains or losses resulting from the disposal of non-operating property.

2.7 Foreign currencies

(a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Group's presentational currency.

(b) Transactions and balances

Transactions in foreign currencies, which are those other than the functional currency of an entity, are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Resulting exchange gains or losses are recognised in the income statement in the same place as the underlying transaction except when deferred in other comprehensive income as qualifying cash flow hedges.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.7 Foreign currencies (continued)

(b) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within finance income and finance expense. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the income statement within administrative expenses.

(c) Group consolidation

The results and financial position of foreign operations that have a functional currency different from the presentational currency are translated into Sterling as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is disposed of, the associated exchange differences are reclassified to the income statement, as part of the gain or loss on disposal.

2.8 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent costs are depreciated over the asset's remaining useful economic life. The carrying amount of a replaced part is derecognised. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided to write down the cost of property, plant and equipment to its estimated residual value over its remaining useful life on a straight-line basis. Freehold land is not depreciated.

<i>Asset Category</i>	<i>Useful life</i>
Freehold buildings	50 years
Fixtures and equipment	3 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's net carrying amount is written down immediately to its recoverable amount if the asset's net carrying amount is greater than its estimated recoverable amount, see note 2.10.

Gains and losses on disposals are determined by comparing the proceeds of disposal with the net carrying amount and are included in the income statement.

During the period ended 30 March 2019, an adjustment was required to reclassify property, plant and equipment to current assets due to the financial statements being prepared on a basis other than going concern.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.9 Intangible assets

(a) Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but tested for impairment annually, as described in note 2.10, or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(b) Other intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business acquisition are capitalised at fair value as at the date of acquisition.

Internally generated intangible assets are capitalised when certain criteria are met in accordance with IAS 38, otherwise this expenditure is charged against income in the period in which it is incurred.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with an indefinite life are not amortised but are subject to an impairment test as described in note 2.10. Intangible assets with a finite life are amortised on a straight-line basis through administrative expenses, based on the useful life shown below:

<i>Category</i>	<i>Useful life</i>
Brand	Indefinite
Trademarks and licences	Indefinite
Recoverable leasehold property premiums	Indefinite
Software licences	1 to 5 years

Intangible assets with finite lives are assessed for impairment in accordance with note 2.10.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Brand, trademarks and licences have been determined as intangible assets with indefinite lives. The Group believe that these assets are long established and are easily recognisable by customers. The Group has a strong market presence and does not identify any legal, contractual or other factors that would limit the useful life of these intangible assets. These assets cover trading across stores and online and are expected to be used indefinitely as there is no intention to rebrand the business.

Recoverable leasehold property premiums have been determined as intangible assets with indefinite lives as they are considered to be recoverable at the end of the lease term.

During the period ended 30 March 2019, an adjustment was required to reclassify intangible assets to current assets due to the financial statements being prepared on a basis other than going concern.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the net carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows, cash generating units (CGUs). Impairment is tested for groups of CGUs not larger than operating segments, in line with internal management reporting.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

For non-financial assets other than goodwill, impairment losses are reviewed for possible reversal at each reporting date. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount.

2.11 Financial instruments

(a) Derivative financial instruments

Derivative financial instruments ('derivatives') are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced products and changes in interest rates relating to the Group's debt. In accordance with its treasury policy, the Group does not enter into derivatives for speculative purposes.

Derivatives falling under the classifications laid out in IFRS 9 are stated at fair value in the balance sheet.

The fair value of derivative contracts is their market value at the balance sheet date. Market values are calculated using mathematical models and are based on the duration of the derivative instrument together with quoted market data including interest rates, foreign exchange rates and market volatility at the balance sheet date.

(b) Hedge accounting

The Company continues to apply the existing hedge accounting requirements of IAS 39. For the purpose of hedge accounting, the Group designates derivatives as either:

- fair value hedges where they hedge the exposure to changes in the fair value of a recognised asset or liability, or;
- cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

All of the Group's derivatives are designated as cash flow hedges. The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking the transaction. The Group also documents the assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives which do not qualify for hedge accounting are recognised in the income statement as they arise.

(c) Hedge accounting - cash flow hedges

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in fair value is recognised in other comprehensive income through the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement, in the same location as the changes in the cash flows of the hedged asset or liability that are attributable to the hedged risk. Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss.

When a cash flow hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the hedging reserve in equity is immediately reclassified to the income statement for the period.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(d) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts. The unrealised gains and losses on embedded derivatives are taken directly to the income statement.

(e) Non-derivative financial instruments

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. All deposits are initially recognised at cost.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Interest costs are expensed in the income statement so as to achieve a constant finance cost as a proportion of the related outstanding borrowings.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Under a factoring arrangement, the Group transfers certain receivables to the factoring party in exchange for cash equal to 90% of the receivable. The Group derecognises 90% of the receivable at the point it is factored as the credit risk and late payment risk are considered to have transferred to the factoring party. The credit risk and late payment risk of the remaining 10% of the receivable remains with the Group.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's net carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables include invoices for certain suppliers settled by the operating facilities provided by the Group's core operating bank. This includes products such as letters of credit, supplier invoice financing and other trade facilities which provide suppliers the ability to advance payment against invoices submitted. Supplier invoice financing agreements are bilateral, between the bank and the supplier with the finance cost settled by the supplier.

During the period ended 30 March 2019, an adjustment was required to reclassify all non-current assets and long-term liabilities to current assets and liabilities due to the financial statements being prepared on a basis other than going concern.

2.12 Inventories

Inventories are valued at the lower of cost and net realisable value, using the weighted average cost basis.

Costs include the direct costs (measured at actual cost) incurred in bringing inventories to their current location and condition, plus an attributable proportion of distribution overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less further costs to be incurred to disposal.

Inventories includes spare parts for machinery used in the Lymedale Distribution Centre.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and credit card receivables. Deposits held at call with banks and financial institutions, other short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts are also included. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Restricted cash comprises cash held by the Employee Benefit Trusts (EBTs) which can only be utilised for the benefit of the employees. Blocked cash comprises deposits held as guarantees over leases in mainland Europe.

2.14 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income or loss based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws and rates related to the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes current tax assets and liabilities and provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or a non-business combination asset or liability;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred income taxes relate to income taxes levied by the same tax jurisdiction and when the Group intends to settle its current tax assets and liabilities on a net basis.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.15 Employee benefit costs

(a) Pension obligations

The Group accounts for pensions and other post-retirement benefits under IAS 19.

The Group contributes to defined contribution pension schemes for employees in the UK, ROI and Poland (and Belgium and China up to disposal). The Group has no further payment obligations once contributions have been paid. Payments to defined contribution plans are recognised as an expense when the contributions fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.15 Employee benefit costs (continued)

(a) Pension obligations (continued)

The French subsidiary is subject to a statutory scheme which consists of a single payment at the date of retirement which is classified as a defined benefit plan under IFRS. In respect of this plan, obligations are measured at the discounted present value by a qualified actuary.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

2.16 Share based payments

Two share schemes exist - the Employee Shareholder Status Scheme ("ESS") and the Joint Share Ownership Plan ("JSOP") are accounted for as equity settled. During the period ended 30 March 2019, the Long Term Incentive Plan ("LTIP") was cancelled. The LTIP was previously accounted for as cash settled.

The cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an IFRS 2 compliant pricing model. The cost of cash settled transactions with employees is reviewed at each balance sheet date.

The Group revises its estimates of the number of options or shares that are expected to vest. The impact of the revision, if any, is recognised in the income statement with a corresponding adjustment to liabilities or reserves. A provision is recognised for 'Good Leavers' based on the number of shares held and with reference to the Brait Published Rate ("BPR").

2.17 Transactions with the EBTs

The EBTs were set up to allow the issue of shares to Group employees and are consolidated into the Company's accounts. The EBTs reserve represents the gains made by the EBTs on selling New Look Retail Group Limited shares as part of the acquisition by Brait SE (Brait).

2.18 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.19 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Where an arrangement is dependent on the use of a specified asset or assets, or conveys the right to use an asset, it is determined to contain a lease although this may not be its legal form. The lease element of the arrangement is accounted for as either a finance or operating lease.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Premiums payable on entering an operating lease are charged to the income statement on a straight-line basis over the lease term. Rent free periods, capital contributions and other lease inducements receivable on entering an operating lease are recognised as deferred income and released to the income statement on a straight-line basis over the lease term.

Recoverable leasehold property premiums are capitalised on the balance sheet within intangible assets. The assets are not subject to annual amortisation because they are deemed to be recoverable and are instead subject to annual impairment reviews (see 2.10).

2.20 Share capital

Ordinary share capital is classified as equity. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

2.21 Segment reporting

Operating segments, by brand and geography, are determined in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

2.22 Underlying operating profit/(loss) and adjusted EBITDA

In addition to the information required by IFRS and to assist with the understanding of earnings trends, the Group has included within its financial statements non-IFRS measures referred to as underlying operating profit/(loss) and adjusted EBITDA. Management consider that underlying operating profit/(loss) and adjusted EBITDA reflect the trading performance of the Group. Underlying operating profit/(loss) is operating profit/(loss) before exceptional items, share based payment charge or credit, the movements in fair value of financial instruments, the impairment charge or write back of tangible and intangible assets and the movement in the onerous lease provision. Adjusted EBITDA is calculated as underlying operating profit/(loss) before depreciation and amortisation.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends are only declared when the Directors are satisfied that the Company has sufficient distributable reserves to do so.

3. Treasury and financial risk management

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including foreign exchange rate risk and interest rate risk), credit risk and capital risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group operates a centralised treasury function which is responsible for managing the liquidity, foreign exchange, interest rate, credit and capital risks associated with the Group's activities. As part of its strategy for the management of those risks, the Group uses derivative financial instruments. In accordance with the Group's treasury policy, derivative instruments are not entered into for speculative purposes (see note 2.11).

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

3. Treasury and financial risk management (continued)

The Group's principal financial instruments, other than derivatives, are cash and short term deposits, bank overdrafts, supplier trade facilities (including letters of credit, avalised bills and supplier invoice financing), revolving credit facility (RCF) and borrowings. The main purpose of these financial instruments is to fund the Group's operations, including servicing its debt. In addition, the Group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

Liquidity risk

Liquidity risk is the risk that the Group cannot settle its liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions in order to meet operational needs. Due to the dynamic nature of the underlying businesses, Group treasury maintains availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position which at 30 March 2019 comprise £16.6 million (2018: £8.1 million) available under the £85.0 million committed (2018: £85.0 million committed) operating (liquidity, trade and import) facilities, a fully drawn overdraft of £15.0 million (2018: undrawn £15.0 million), a fully drawn revolving credit facility of £100.0 million (2018: fully drawn £100.0 million) and cash and short term deposits (note 19).

The Group monitors compliance against all its financial obligations and it is Group policy to manage the performance and position of the Group so as to operate within covenanted restrictions at all times. The covenant measure ceased to be applicable from 6 March 2018 due to the amendments to the RCF as a result of the CVA.

Foreign exchange rate risk

Foreign exchange rate risk is the risk that the fair value of a financial commitment, recognised financial assets or financial liabilities will fluctuate due to changes in foreign currency exchange rates.

The Group operates internationally and is exposed to foreign exchange rate risk arising from various currency exposures, primarily with respect to the Euro, US dollar, Chinese Renminbi and Polish Zloty. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's principal foreign exchange rate exposures are as follows:

- Purchase of overseas sourced products. Group policy is to hedge a proportion of these exposures for up to 15 months ahead in order to limit the volatility in the ultimate Sterling cost. This hedging activity could involve the use of spot, forward and option contracts.
- Foreign currency denominated borrowings. The Group has floating rate notes and a portion of the Bridge Facility denominated in Euros. All other Group borrowings are in Sterling. Group policy was to hedge a proportion of the exposure to currency risk on the Euro denominated notes through a portfolio of cross currency swaps. In the prior period, all cross currency swaps were cancelled and as a result the Euro denominated notes were unhedged. As at 30 March 2019 they remain unhedged.
- Foreign currency cash balances. During the period ended 30 March 2019 the Group had cash balances denominated in Euros, US dollars, Chinese Renminbi and Polish Zloty. These balances were revalued into Sterling equivalent balances at the prevailing spot foreign exchange rate at each reporting date.

To the extent that the translation of overseas assets is not offset by the effect of translating overseas liabilities, the effects are not currently hedged and are recognised within consolidated reserves.

During the period ended 30 March 2019, if Sterling had weakened by 5.0% against the Euro with all other variables held constant, post-tax loss (2018: loss) for the period would have been £14.4 million higher (2018: £14.6 million higher), mainly as a result of the translation of the Euro denominated notes offset by the translation of Euro cash balances held; post-tax increase (2018: increase) in shareholder's deficit would have been £0.9 million higher (2018: £4.5 million lower) due to the consolidation of net assets and liabilities of foreign subsidiaries with their functional currency as Euro.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

3. Treasury and financial risk management (continued)

Foreign exchange rate risk (continued)

During the period ended 30 March 2019, if Sterling had weakened by 5.0% against the US dollar with all other variables held constant, post-tax loss (2018: loss) for the period would have been £1.4 million higher (2018: £1.5 million higher), mainly as a result of revaluation of trade creditors; post-tax increase (2018: increase) in shareholder's deficit would have been £8.9 million lower (2018: £11.7 million lower) as a result of the movement in forward currency contracts.

Interest rate risk

The Group's principal interest rate risk arises from floating rate borrowings. Group policy was to use interest rate derivatives to manage the cost of its floating rate borrowings by entering into fixed rate derivatives, so as to reduce exposure to changes in interest rates. In the prior period the interest rate swaps were cancelled. As at 30 March 2019 this remains unhedged.

The Group analyses its interest rate exposure on a dynamic basis. Various forecasting is simulated taking into consideration refinancing, alternative financing and hedging. Based on these forecasts, the Group calculates the impact on profit and loss of a defined interest rate shift. For each forecast, the same interest rate shift is used across all currencies. The scenarios are only run for liabilities that represent the major interest-bearing positions. The forecasting is done on a regular basis to verify that the maximum loss potential is within the limit given by management.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Since the Group refinancing transaction on 24 June 2015, the Group had hedged 54% of the floating rate exposure. This was reduced to 36% in October 2017 and further reduced to 0% by March 2018. At 30 March 2019 this remains 0%.

Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense and other income components.

The interest rate sensitivity analyses are based on the following assumptions:

- Up to the date of the restrikes and cancellations, certain financial instruments were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements. Changes in the market interest rate affect the hedging reserve in shareholders' deficit and were therefore taken into consideration in the equity-related sensitivity calculations.
- Changes in the market interest rate of interest rate derivatives affect other financial income or expense and are therefore taken into consideration in the income-related sensitivity calculations.
- Currency derivatives are not exposed to interest rate risks and are therefore not included in the interest rate sensitivity calculations.

During the period ended 30 March 2019, if interest rates on cash and cash equivalent deposit balances had been 100 basis points higher (2018: 100 bps) with all other variables held constant, post-tax loss (2018: loss) for the period would have been £0.2 million lower (2018: £0.2 million lower), mainly as a result of a higher interest income on floating rate deposits; post-tax movement in shareholder's deficit would be unaffected (2018: unaffected) as a result of movement in cash flow hedges.

During the period ended 30 March 2019, if interest rates had been 100 basis points higher (2018: 100 bps) with all other variables held constant, post-tax loss (2018: loss) for the period would have been £3.8 million higher (2018: £1.8 million higher) due to the higher interest payable on the Euro floating rate senior secured notes, the fully drawn RCF and the bridge facility.

Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. Credit risk is managed on a Group basis. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

3. Treasury and financial risk management (continued)

Credit risk (continued)

The utilisation of credit limits is regularly monitored. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

The credit ratings of banks with which the Group has investments of cash surpluses, borrowings or derivative financial instruments are reviewed regularly by management. Each bank is assessed individually with reference to the credit it holds and deposit limits are set, which are approved by the Board and reconsidered if the Fitch, Moody or S&P credit rating falls below an 'A' rating. As at 30 March 2019, the derivative financial instruments were out of the money and placed with counter parties independently rated and within set approved limits.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Expected credit loss allowances are based on an individual assessment of each receivable, which is informed by past experience, and are recognised at amounts equal to the losses expected to result from all possible default events over the life of each receivable. The Group also considers the days past due, current and forward looking information to establish the loss allowance on each receivable. The closing loss allowances for trade receivables are disclosed within note 17.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a customer failing to engage in a repayment plan with the Group. Impairment losses on trade receivables are presented as net impairment losses within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Capital risk management

The Group's principal objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for stakeholders. Capital under management by the Group includes the committed revolving credit facility, borrowings in the capital markets (senior secured notes and senior notes) along with its available cash and committed and uncommitted operating facilities. The Group aims to invest its available capital in accordance with approved limits on security, liquidity and counterparty risk in order to minimise idle balances and provides visibility and control of cash and investments. The Group must ensure sufficient capital resources are available for working capital requirements and meeting principal and interest payment obligations as they fall due.

Covenant measures commenced on 25 June 2016 (see note 26 for further details). The financial covenant Net Leverage Ratio test was only tested when the facility was drawn equal to or greater than 25% at 5pm on the last day of the most recent reporting quarter. If the ratio was exceeded at that time the covenant only acted as a draw stop on future drawings. There was no breach or default trigger from exceeding the ratio. As at 30 March 2019 the RCF was fully drawn, however the covenant measure ceased to be applicable from 6 March 2018 due to the amendments to the RCF as a result of the CVA.

The Group must ensure sufficient capital resources are available for working capital requirements and meeting principal and interest payment obligations as they fall due.

As at 30 March 2019, net debt was £1,339.3 million (2018: £1,265.4 million), see note 25.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

4. Critical accounting estimates, judgements and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Significant estimates and assumptions

(a) Estimated impairment of intangible assets with indefinite lives

The Group tests whether intangible assets with indefinite lives have suffered any impairment in accordance with the accounting policy stated in note 2.10. The recoverable amounts of cash-generating units have been determined based on the higher of value in use or fair value less cost to sell. These calculations require the use of estimates as detailed in note 14.

(b) Estimated impairment of assets with finite lives

The Group tests whether tangible and intangible assets have suffered any impairment in accordance with the accounting policy in note 2.10. The recoverable amounts of cash-generating units have been determined based on the higher of value in use or fair value less costs to sell. These calculations require the use of estimates as detailed in notes 13 and 14.

(c) Onerous lease provisions

When a property ceases to be used for the purposes of the business, a provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover the future obligations relating to the lease. Where possible, the property is subleased at the prevailing rent.

A provision is also recognised on loss making stores where the discounted future cash flows are not expected to cover future payments under the lease contract and there is an intention to exit the store. The key assumptions to these provisions are the estimated future cash flows, the applied discount rates and the period to exit. For France and Poland onerous lease provisions, the Group has estimated a remaining lease term of 6 months following the ongoing review of the international business.

(d) Inventory provisions

The Group estimates a slow moving inventory provision based on prior stock performance and current market conditions.

(e) Operating lease commitments – future rental amounts

Following the approval of the CVA, rent payments across a number of stores reduced for the three year term of the CVA. At the end of the CVA, rent on these stores reverts to the higher of the CVA rent or the market rent. The Group estimates that the rent at the end of the CVA will remain at the CVA level. In addition to this, the Group has made judgements in relation to the number of stores that will remain open.

Significant judgements

(f) Going concern

The Directors apply judgement to assess whether it is appropriate for the Group to be reported as a going concern, by considering the business activities and the Group's principal risks and uncertainties. Details of the considerations made by the Directors as part of the assessment of going concern is included within the Directors Report (see page 27) and within the basis of preparation (see page 46).

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

4. Critical accounting estimates, judgements and assumptions (continued)

Significant judgements (continued)

(g) Recognition of deferred tax assets

The Group is subject to income taxes in numerous jurisdictions. At each financial period end, judgement is required in determining the Group provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain.

Tax provisions are recognised for uncertain tax positions where the amount of tax payable on open tax positions remains to be agreed with relevant tax authorities. The Group provides for uncertain tax positions based on the best estimate of the most likely outcome in respect of the relevant issue. Where the final tax outcome on uncertain tax positions is different from the amounts that were initially recorded, the difference will impact the Group's current and deferred tax assets and liabilities in the period in which such determination is made, as presented in note 11.

Deferred tax assets and liabilities require judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised, taking into account the expected timing and level of future taxable profits of the Group. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised in the new group, under which New Look Limited and its subsidiaries will continue to operate.

(h) Exceptional items

The Group applies judgement in identifying the significant non-recurring items of income and expense that are recognised as exceptional to help provide an indication of the Group's underlying trading performance. See notes 2.6, 10 and 27 for a description of exceptional items and provisions.

(i) Held for sale assets

The Group applies judgement in assessing the presentation of non-current assets as held for sale where the carrying amount of the assets will be recovered principally through a sale transaction rather than through continuing use. The restructuring transaction that completed on 3 May 2019 involved the sale of New Look Limited and its subsidiaries. The Group has concluded that the assets of the Group do not meet the criteria to be classified as held for sale as they were not readily available for sale as at the 30 March 2019 due to certain assets that are pledged for security for the RCF.

(j) Indefinite life intangibles

The Group applies judgment in assessing the useful life of intangible assets, particularly in respect of brands, trademarks and licences. The Group consider the factors disclosed in note 2.9 to be significant in determining these assets to have an indefinite life.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

5. Segment information

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The operating segments have changed during the period ended 30 March 2019 due to changes in the strategy of the Group. The prior period has been restated to reflect the change in operating segments.

On 18 October 2018 the Board announced the decision to close the China business, all China stores were closed by 1 January 2019. On 19 January 2019 New Look Belgium SA filed for bankruptcy proceedings and on 22 January 2019 an administrator was appointed. The results of the China and Belgium businesses have been shown as an individual segment, presented as discontinued operations. Previously, China and Belgium were included in the International segment.

The Board considers the business from both a New Look brand and core and non-core perspective based on the strategic focus of the Group. Management considers the performance of UK and ROI retail (including Singapore which supports the UK and ROI business), e-commerce, 3rd party e-commerce and Franchise as the core business and International (France and Poland) as the non-core business. Previously, ROI, France and Poland were included in the International segment.

The results of the French, German and Rest of World websites are included within the e-commerce segment. Whilst it is possible to identify the sales for these sites separately, costs are not allocated to each individual site as they are all reported within the e-commerce segment.

The reportable segments derive their revenue primarily from the sale of retail goods and gross concession sales. New Look brand & UK and ROI retail include rental income and store card income.

The International operating segment includes an aggregation of France and Poland. The Board has concluded that these operating segments share similar economic characteristics on the basis that all segments sell New Look brand product aimed at New Look's core customers through retail outlets. The segments share similar underlying gross margins on the sale of product and share similar risks – in particular in relation to seasonality, stocks, product design and competition.

The Board assesses the performance of the operating segments based on revenue grossed up to include the sales of store concessions ('segmental gross transactional value') and on a measure of underlying operating profit and adjusted EBITDA (see definitions in note 2.22). Interest income and expenditure are not allocated to segments, as this type of activity is managed by the central treasury function, which manages the cash position of the Group. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

5. Segment information (continued)

The reportable segment information provided to the Board is as follows:

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019 £m</i>	<i>52 weeks ended 24 March 2018 £m</i>
External revenue		
Continuing operations		
– UK and ROI retail	942.5	951.3
– E-commerce ⁽¹⁾	172.3	185.8
– 3 rd party e-commerce	80.9	72.9
– Franchise	6.7	32.5
Core external revenue	1,202.4	1,242.5
– International	56.1	63.1
Segmental gross value	1,258.5	1,305.6
Adjustment to state concession income on a net basis for statutory reporting purposes	(19.5)	(17.0)
Total external revenue from continuing operations	1,239.0	1,288.6
Discontinued operations (note 15)		
Belgium and China	42.6	59.2
Total external revenue	1,281.6	1,347.8

(1) E-commerce sales include £15.5 million (2018: £19.0 million) for the French, German and Rest of the World websites made in Euros.

The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement except for the gross up of store concessions sales.

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019 £m</i>	<i>52 weeks ended 24 March 2018 £m</i>
Underlying operating profit/(loss)		
Continuing operations		
– UK and ROI retail	(2.4)	(65.2)
– E-commerce	21.2	11.9
– 3 rd party e-commerce	12.9	14.1
– Franchise	1.5	3.5
Core underlying operating profit/(loss)	33.2	(35.7)
– International	(13.4)	(18.5)
Total underlying operating profit/(loss) from continuing operations	19.8	(54.2)
Discontinued operations (note 15)		
Belgium and China	(16.6)	(20.1)
Total underlying operating profit/(loss)	3.2	(74.3)

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

5. Segment information (continued)

	<i>For the financial periods</i>	
	<i>53 weeks ended</i>	<i>52 weeks ended</i>
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Adjusted EBITDA		
Continuing operations		
– UK and ROI retail	36.7	(21.6)
– E-commerce	28.9	22.0
– 3 rd party e-commerce	13.1	14.1
– Franchise	1.5	3.5
Core adjusted EBITDA	80.2	18.0
– International	(11.3)	(13.0)
Total adjusted EBITDA from continuing operations	68.9	5.0
Discontinued operations (note 15)		
Belgium and China	(15.3)	(15.7)
Total adjusted EBITDA	53.6	(10.7)

	<i>For the financial periods</i>	
	<i>53 weeks ended</i>	<i>52 weeks ended</i>
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Capital expenditure		
Continuing operations		
– UK and ROI retail	9.1	28.0
– E-commerce	4.6	11.6
– 3 rd party e-commerce	1.1	—
– Franchise	—	—
Core capital expenditure	14.8	39.6
– International	0.9	3.3
Total capital expenditure from continuing operations	15.7	42.9
Discontinued operations		
Belgium and China	0.2	3.9
Total capital expenditure	15.9	46.8

	<i>For the financial periods</i>	
	<i>53 weeks ended</i>	<i>52 weeks ended</i>
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Depreciation and amortisation		
Continuing operations		
– UK and ROI retail	39.1	43.6
– E-commerce	7.7	10.1
– 3 rd party e-commerce	0.2	—
– Franchise	—	—
Core depreciation and amortisation	47.0	53.7
– International	2.1	5.5
Total depreciation and amortisation from continuing operations	49.1	59.2
Discontinued operations (note 15)		
Belgium and China	1.3	4.4
Total depreciation and amortisation	50.4	63.6

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

5. Segment information (continued)

	<i>For the financial periods</i>	
	<i>53 weeks ended</i>	<i>52 weeks ended</i>
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Impairment		
Continuing operations		
– UK and ROI retail	412.0	11.9
– E-commerce	—	0.1
– 3 rd party e-commerce	—	—
– Franchise	—	—
Core impairment	412.0	12.0
– International	11.3	7.7
Total impairment from continuing operations	423.3	19.7
Discontinued operations (note 15)		
Belgium and China	4.2	7.2
Total impairment	427.5	26.9

Analyses of the Group's external revenues (by customer location) and non-current assets (excluding investments, deferred tax assets and other financial assets) by geographical location are detailed below:

	<i>For the financial periods</i>	
	<i>53 weeks ended</i>	<i>52 weeks ended</i>
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
External revenue		
Continuing operations		
United Kingdom	1,071.6	1,090.3
France	55.3	59.6
Republic of Ireland	60.3	55.7
Germany	27.3	30.7
Rest of Europe	17.2	18.1
Asia	0.3	0.8
Middle East	5.5	32.0
Rest of World	1.5	1.4
Total external revenue from continuing operations	1,239.0	1,288.6
Discontinued operations		
Rest of Europe	9.9	15.4
Asia	32.7	43.8
Total external revenue	1,281.6	1,347.8

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

5. Segment information (continued)

	<i>For the financial periods</i>	
	<i>53 weeks ended</i>	<i>52 weeks ended</i>
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Non-current assets		
United Kingdom	-	798.9
France	-	11.2
Rest of Europe	-	22.5
Rest of World	-	5.7
Total non-current assets	-	838.3

During the period ended 30 March 2019, an adjustment was required to reclassify all non-current assets to current assets due to the financial statements being prepared on a basis other than going concern.

6. Revenue

	<i>For the financial periods</i>	
	<i>53 weeks ended</i>	<i>52 weeks ended</i>
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Continuing operations		
Sale of goods	1,224.8	1,274.8
Rental income	0.7	1.2
Store card income	0.6	0.7
Concession income (net)	12.9	11.9
Total external revenue from continuing operations	1,239.0	1,288.6
Discontinued operations (note 15)		
Sale of goods	42.6	59.2
Total external revenue	1,281.6	1,347.8

Included within rental income is contingent rent of £0.2 million (2018: £0.3 million).

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

7. Operating loss

	<i>For the financial periods</i>	
	<i>53 weeks ended</i>	<i>52 weeks ended</i>
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Operating loss from continuing operations is stated after charging/(crediting):		
Cost of inventories recognised as an expense through cost of sales	569.3	590.7
Write down of inventories to net realisable value through cost of sales	17.5	33.6
Distribution centre costs	31.7	34.4
Staff costs	207.3	227.3
Temporary and contract staff costs	10.9	10.0
Marketing costs	25.4	35.4
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the Group and parent company	0.6	0.4
Fees payable to the company's auditors and its associates for other services:		
– The audit of the company's subsidiaries pursuant to legislation	0.3	0.3
– Tax compliance services	0.1	0.2
– Tax advisory services	0.4	0.1
– Other assurance services	0.7	-
– All other services	0.3	0.1
Operating lease charges:		
– Minimum lease payments	123.1	166.9
– Contingent rent payments	0.3	0.2
Estate costs (excluding rent)	123.7	124.2
Amortisation of lease incentives	(7.9)	(8.9)
Loss on disposal of intangible assets and property, plant and equipment	2.3	2.2
Net foreign exchange differences	(1.4)	2.9
Depreciation of property, plant and equipment	30.1	39.4
Impairment loss of property, plant and equipment	7.6	18.7
Amortisation of intangible assets	19.0	19.8
Impairment loss of intangible assets	415.7	1.0
Fair value movement of financial instruments	0.3	1.9
Onerous lease provision movement	(4.1)	(0.4)

Included in auditors' remuneration are out of pocket expenses paid to Group auditors.

Included within minimum lease payments is £8.3 million (2018: £6.7 million) relating to the amortisation of rent discount and rent free lease incentives.

Impairment losses of property, plant and equipment and intangible assets of £423.3 million (2018: £19.7 million) have been recognised in the period ended 30 March 2019. Impairments are detailed in notes 13 and 14.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

8a. Staff costs

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Continuing operations		
Wages and salaries	187.0	189.4
Social security costs	14.3	14.7
Other pension costs (note 32)	3.5	3.0
	204.8	207.1
Share based payment charge (note 29)	2.5	20.2
	207.3	227.3
Discontinued operations		
Staff costs	14.0	18.8
	221.3	246.1

In addition to the above, costs relating to temporary and contract staff of continuing operations total £10.9 million (2018: £10.0 million). Costs relating to temporary and contract staff of discontinued operations total £nil million (2018: £0.1 million).

The average monthly number of employees of the Group (including Directors) during the period was:

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>Number</i>	<i>Number</i>
Continuing operations		
Administration and distribution	2,416	2,417
Retailing	13,112	13,786
	15,528	16,203
Discontinued operations		
Average monthly number of employees*	985	1,740

* Average over 10 months for Belgium and 12 months for China (2018: 12 months for both)

Compensation for key management personnel

The compensation for key management personnel, including the Executive Directors, was as follows:

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Short term employee benefits	3.2	2.6
Termination benefits	-	0.9
Post-employment benefits	0.2	0.1
Share based payment charge	5.1	18.3
	8.5	21.9

Key management are considered to be the Executive Directors plus four operational directors and the Company Secretary.

The amount due to key management personnel at 30 March 2019 in respect of bonuses due to be paid in the next financial period, including the Directors, is £nil (2018: £nil).

Retirement benefits are accruing to six (2018: five) members of key management at the end of the period. Directors' remuneration is detailed in note 8b.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

8a. Staff costs (continued)

Compensation for key management personnel (continued)

During the period ended 30 March 2019, no (2018: three) key management personnel sold an interest in preference shares of Top Gun Bidco Limited and none (2018: none) exercised options.

8b. Directors' remuneration

(a) Historical aggregate emoluments

The Directors' emoluments table below includes aggregate emoluments of all Executive and Non-Executive Directors of New Look Retail Group Limited who provided qualifying services during the financial periods ended 30 March 2019 and 24 March 2018.

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Aggregate emoluments in respect of qualifying services	2.7	2.4
Compensation for loss of office	-	0.9
Group contributions paid in respect of pension schemes	0.1	0.1

No (2018: none) Directors exercised share options, no (2018: none) Directors sold an interest in shares, no (2018: two) Directors sold an interest in preference shares of Top Gun Bidco Limited and no (2018: none) Directors were granted share options in the period. Retirement benefits are accruing to one (2018: one) Director at the end of the period.

During the financial period, five Directors (2018: six) received emoluments in respect of qualifying services.

(b) Directors' details

Directors

R Wightman, R Collyer, A McGeorge, T Singh, A Singh, J Gnodde, B Baisley, P Gilbert, C Seabrooke were Directors as at 30 March 2019. C Seabrooke was appointed 8 May 2018 and P Gilbert was appointed 18 May 2018. J Gnodde, B Baisley and C Seabrooke resigned on 17 May 2019.

In the financial period ended 30 March 2019, each of the following were Executive Directors: A McGeorge, R Collyer and R Wightman (2018: A McGeorge, A Kristiansen, D Barrasso, R Collyer and R Wightman).

As representatives of Brait, J Gnodde, C Wiese, J Wiese, B Baisley, A Walker, S Dougherty and C Seabrooke have an indirect economic interest in the shares of the Company held by the Brait funds. A Walker resigned 31 March 2018, C Wiese and J Wiese resigned 8 May 2018, S Dougherty resigned 7 June 2018, J Gnodde, B Baisley and C Seabrooke resigned on 17 May 2019.

For details of transactions with the Directors, see note 33.

Highest paid Director

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Aggregate emoluments in respect of qualifying services	1.2	0.7

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

9. Finance income and expense

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Finance income		
Interest on bank deposits	0.2	0.1
Exchange rate gain on revaluation of Euro notes and loans ⁽¹⁾	4.3	2.2
Total finance income	4.5	2.3
Finance expense		
Interest on notes, bonds, bank loans and overdrafts	(83.4)	(79.1)
Interest on tax provision	(0.5)	(0.8)
Exchange rate loss on revaluation of Euro notes ⁽¹⁾	-	-
Debt factoring commission	(0.3)	-
Amortisation of capitalised debt fees	(3.1)	(2.9)
Finance expense before exceptional expenses	(87.3)	(82.8)
<i>Exceptional items – finance expense</i>		
Debt restructure	(6.4)	-
Financing costs	-	(1.2)
Total finance expense	(93.7)	(84.0)

- (1) During the financial period ended 30 March 2019 there was a £4.3 million gain (2018: £3.6 million loss) on revaluation of the Euro notes and loans. There was no amount recycled from reserves since movements in Euro rates are no longer hedged. During the financial period ended 24 March 2018 there was a £5.8 million gain resulting from Euro cross currency derivatives, accounted for as a cash flow hedge to net against the finance expense in the consolidated income statement.

Debt restructure

During the period ended 30 March 2019, the Group secured short term financing in the form of a bridge facility with a sterling equivalent of £80.0 million committed on 22 January 2019 and drawn by New Look Retailers Limited on 28 January 2019, see note 26. There is a premium of £10.0 million on the bridge facility in addition to the floating rate interest. During the period ended 30 March 2019 £6.4 million of this had accreted under the effective interest rate method.

Financing costs

During the period ended 24 March 2018, the Group incurred £1.2 million of exceptional costs in relation to the restructuring of currency swaps (see note 10).

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

10. Exceptional items

	<i>For the financial periods</i>	
	<i>53 weeks ended</i>	<i>52 weeks ended</i>
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Continuing operations		
Exceptional items		
Company Voluntary Arrangement (CVA)	1.8	11.4
Debt restructure	31.6	-
International review	8.4	-
Group reorganisation and restructure	3.6	6.5
Accounting review	0.7	-
King's Cross abortive costs	-	12.0
Gain on sale of land	-	(2.2)
Review of business financing	-	0.2
Operating exceptional items excluding exceptional onerous lease release from continuing operations	46.1	27.9
Other operating exceptional item		
Onerous lease provision release	(2.9)	(5.4)
Financing exceptional items		
Debt restructure (note 9)	6.4	-
Financing costs (note 9)	-	1.2
Financing exceptional items from continuing operations	6.4	1.2
Total exceptional items from continuing operations	47.8	23.7
Discontinued operations		
Operating exceptional items	6.4	0.3
Non-operating exceptional items	4.9	-
Onerous lease provision release	(1.6)	-
Total exceptional items from discontinued operations (note 15)	9.7	0.3
Total exceptional items	57.5	24.0

10. Exceptional items (continued)

Company Voluntary Arrangement

On 21 March 2018, the Group announced the approval of a Company Voluntary Arrangement (CVA) aimed at right-sizing the number of stores and addressing the over-rented position of the UK store portfolio. The Group identified 60 UK stores for potential closure, together with a further 6 sites which were sub-let to third parties ('C stores'). During the period ended 30 March 2019, 43 C stores were closed or closing, leases of 10 C stores were renewed and 13 remain on C store terms with nil rent. As a result of landlords enforcing their right to terminate, 67 B stores were closed and 90 B store leases have been renewed. The landlord's right to terminate ceased on 21 September 2018 for B stores, the right to terminate C stores is ongoing.

As a result, during the period ended 30 March 2019, the Group incurred total costs of £1.8 million (2018: £11.4 million), including £1.7 million (2018: £8.5 million) relating to professional advisory fees, £2.7 million provision of exit costs associated with landlord enforced closures of B stores and retention bonuses for staff in C stores marked for closure (2018: £2.9 million provision for the exit costs associated with the 60 store closures and the compromised lease fund offered to landlords as part of the CVA proposal) and £2.6 million (2018: £nil) gain on disposal of assets and lease incentives in closed stores.

In addition to the above during the period ended 24 March 2018, and as a result of the CVA, the Group recognised an exceptional credit of £1.7 million in relation to the onerous lease provision previously recognised for loss making stores which have been identified for closure or are no longer loss making due to the reduction in rent (see note 27).

Debt restructure

During the period ended 30 March 2019, the Group announced a planned restructuring transaction aimed at deleveraging and strengthening the balance sheet. The Group incurred exceptional costs of £31.6 million related to professional advisory fees in respect of formulating and finalising the transaction and £6.4 million of finance expenses relating to the premium on the bridge facility, accreted under the effective interest rate method. The restructuring completed on 3 May 2019, see note 36 for more details.

International review

During the period ended 30 March 2019, the Group incurred exceptional costs of £8.4 million related to the review of international markets. This includes professional advisory fees regarding the review of the Polish and French retail businesses that remains ongoing and write offs of short leasehold costs previously recognised on the balance sheet. As a result of the international review, the Group recognised an exceptional credit of £4.7 million in relation to onerous lease provisions recognised for loss making Polish and French stores which have been assumed to close within 6 months, see note 4 (c).

Group reorganisation and restructure

During the period ended 25 March 2017, the Board and senior management undertook an end to end assessment of the systems, non-value adding processes and administration work within stores in light of the changing retail environment and New Look's strategic plan. During the period ended 24 March 2018 this review was finalised and the Group incurred £6.5 million of exceptional costs made up of dual running of certain contracts and aligning our store operations to the strategic plan, including redundancy costs incurred in connection with rebalancing staffing within stores.

During the period ended 30 March 2019, the Board and senior management undertook a review of end to end processes within the support functions in light of the international review and restructuring transaction. The Group incurred £3.6 million of consulting fees and redundancy costs in the period as a result of the review. The Group expects the review to be completed during FY20.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

10. Exceptional items (continued)

Accounting review

The Group incurred exceptional costs of £0.7 million related to professional fees in respect of the accounting review, detailed in note 31. In February 2019 we identified a number of accounting irregularities related to the trade creditor control account. We immediately conducted an in depth investigation. This included engaging external advisors to support us in carrying out a thorough review into trade creditor related areas of the financial statements and associated accounting practices, which is now concluded.

King's Cross abortive costs

During the period ended 24 March 2018, the Group incurred exceptional costs of £12.0 million related to the aborted move to the new head office in King's Cross. The costs incurred included £9.8 million related to fit out costs for the office (including non-transferable assets), £1.5 million of transactional fees and £0.7 million of dual running costs.

In addition to the above during the period ended 24 March 2018, and as a result of the aborted move to the new head office, the Group recognised an exceptional credit of £3.7 million in relation to the onerous lease provision previously recognised for the Wells and More head office.

Gain on sale of land

During the period ended 24 March 2018, the Group recognised a gain on disposal of £2.2 million in relation to the sale of superfluous land at Mercery Road, Weymouth.

Review of business financing/financing costs

During the period ended 24 March 2018, the Group incurred £1.4 million of exceptional costs in relation to the restructuring of currency swaps, of which £0.2 million has been recognised as an operational exceptional expense and £1.2 million recognised as an exceptional finance expense (see note 9).

Discontinued operations exceptional items

During the period ended 30 March 2019, discontinued operations incurred £6.4 million of exceptional costs in relation to the decision to close the China retail business and the administration of Belgium following the review of the strategic focus of the Group, included within administrative expenses in note 15.

As a result of the administration of Belgium, the Group incurred £0.5 million of exceptional costs. This includes a £3.5 million gain on disposal of the net liabilities of Belgium and the related translation reserve balance, £3.6 million loss allowance provision charge recognised on amounts owed by Belgium to other Group subsidiaries and £0.4 million of professional advisory fees.

As a result of the decision to close the China retail business, the Group incurred £4.4 million of professional advisory fees.

During the period ended 24 March 2018, a charge of £0.3 million was incurred in relation to aligning operations to the strategic plan, including redundancy costs incurred in connection with rebalancing staffing within stores.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

11. Taxation

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019 £m</i>	<i>52 weeks ended 24 March 2018 £m</i>
Continuing operations		
Current tax:		
UK corporation tax on profits for the period	-	-
Double tax relief	-	0.1
Overseas tax	0.2	-
Adjustments in respect of prior periods	(0.2)	(2.6)
Total current tax from continuing operations	-	(2.5)
Deferred tax:		
Origination and reversal of temporary differences	(14.0)	(13.1)
Adjustment in respect of prior periods	(1.3)	0.5
Total deferred tax from continuing operations	(15.3)	(12.6)
Income tax credit from continuing operations	(15.3)	(15.1)
Discontinued operations (note 15)		
Income tax charge from discontinued operations	-	4.7
Total income tax credit	(15.3)	(10.4)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits and losses of the consolidated entities as follows:

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019 £m</i>	<i>52 weeks ended 24 March 2018 £m</i>
Continuing operations		
Loss before taxation	(537.5)	(205.2)
Tax credit on loss at standard rate of 19% (2018: 19%)	(102.1)	(39.0)
Reasons affecting charge for the period:		
Depreciation on non-qualifying assets	1.9	2.3
Expenses not deductible for tax purposes	4.7	14.6
Impairment of goodwill not deductible	69.4	-
Impairment of brand not deductible	8.4	-
Foreign tax charged at a different rate than UK standard rate	(4.4)	(0.1)
Tax losses for which no deferred income tax asset was recognised	8.3	9.2
Adjustment to current tax charge in respect of prior periods	(0.2)	(2.6)
Adjustment to deferred tax credit in respect of prior periods	(1.3)	0.5
Income tax credit from continuing operations	(15.3)	(15.1)
Discontinued operations		
Income tax charge from discontinued operations	-	4.7
Total income tax credit	(15.3)	(10.4)

The adjustment to current tax charge in respect of prior periods is primarily due to a claim for research and development tax relief in respect of the period ended 24 March 2018. The adjustment to deferred tax charge in respect of prior periods is primarily due to an increase in the amount of UK and overseas tax losses.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

11. Taxation (continued)

The Finance Act 2015 was substantively enacted on 26 October 2015 and reduced the main rate of corporation tax to 19.0% with effect from 1 April 2017. The Finance Act 2016 was substantively enacted on 6 September 2016 and reduced the main rate of corporation tax to 17.0% from 1 April 2020. Closing deferred tax balances have therefore been valued at 17% or 19% (2018: 17% or 19%) depending on the date they are expected to unwind.

In addition to the amount charged to the consolidated income statement, tax movements recognised directly in other comprehensive income were as follows:

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Deferred tax:		
Foreign exchange movements in translation reserve	(0.1)	(0.2)
Tax on cash flow hedges	2.8	(5.8)
Tax charge/(credit) on items recognised in other comprehensive income	2.7	(6.0)

Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority and when management believe these will be settled on a net basis.

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Deferred tax asset to be recovered within 12 months	33.0	3.3
Deferred tax asset to be recovered after more than 12 months	-	24.7
	33.0	28.0
Deferred tax liability falling due within 12 months	(42.1)	(0.3)
Deferred tax liability falling due after more than 12 months	-	(49.4)
	(42.1)	(49.7)
	(9.1)	(21.7)

The movement in the period is as follows:

	<i>Depreciation in excess of capital allowances</i>	<i>Brand</i>	<i>Other temporary differences</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
At 25 March 2017	13.5	(47.4)	(1.7)	(35.6)
Credited to income statement (continuing operations)	7.5	—	5.1	12.6
Charged to income statement (discontinued operations)	—	—	(4.7)	(4.7)
Foreign exchange movements in translation reserve	—	—	0.2	0.2
Recognised in other comprehensive income	—	—	5.8	5.8
At 24 March 2018	21.0	(47.4)	4.7	(21.7)
Credited to income statement (continuing operations)	1.2	7.5	6.6	15.3
Credited/(charged) to income statement (discontinued operations)	—	—	—	—
Foreign exchange movements in translation reserve	—	—	0.1	0.1
Recognised in other comprehensive income	—	—	(2.8)	(2.8)
At 30 March 2019	22.2	(39.9)	8.6	(9.1)

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

11. Taxation (continued)

Deferred tax assets relate to certain subsidiaries of New Look Limited. These subsidiaries were sold as part of the debt restructuring transaction that completed 3 May 2019, see note 36. As such, the deferred tax assets have been recognised to the extent that it is probable that taxable profits in the new group, under which these subsidiaries will continue to trade, will be available to utilise the assets. If expected taxable profits decreased 5%, there would be no impact to the deferred tax assets recognised.

There is a deferred tax asset in respect of UK capital losses of £1.5 million (2018: £1.3 million) that has not been recognised due to uncertainty as to whether there will be sufficient taxable profits in the future against which the asset could be utilised.

Increase in UK losses carried forward (2018: Movement in the fair value of derivative financial instruments) is the main item included in other temporary differences.

Deferred tax assets of £41.3 million (2018: £45.8 million) relating to disallowed tax-interest expense amounts in the UK group and losses in New Look Belgium SA, New Look France SAS, New Look Germany GmbH, New Look Poland Sp. z o.o., New Look Finance Limited and New Look Commerce (Shanghai) Co., Limited (2018: New Look Belgium SA, New Look France SAS, New Look Germany GmbH, New Look Retailers (Ireland) Limited, New Look Poland Sp. z o.o., New Look Finance Limited and New Look Commerce (Shanghai) Co., Limited) have not been recognised at a Group level as there is no certainty when these losses will be relieved. Of the unrecognised deferred tax assets, £3.5 million relates to certain subsidiaries of New Look Limited. These subsidiaries have been sold as part of the transaction that completed 3 May 2019, see note 36.

No liability has been recognised in respect of temporary differences associated with investments in subsidiaries and branches, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with these investments, for which a deferred tax liability has not been recognised, is £0.3 million (2018: £18.1 million).

12. Dividends

No dividends have been paid or proposed during the period ended 30 March 2019.

For the period ended 24 March 2018	£m
20 July 2017	0.1
21 November 2017	0.5
	0.6

All dividends declared and paid were intra-group dividends paid to the parent entity, Top Gun Midco Limited, to enable its parent entity, Top Gun Bidco Limited, to pay certain parent expenses in connection with the Brait acquisition or to repurchase shares and preference shares from management leavers.

Up to the date of signing the financial statements, the Directors did not propose a dividend in respect of the financial period ended 30 March 2019.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment

	<i>Freehold land and buildings £m</i>	<i>Fixtures and equipment £m</i>	<i>Total £m</i>
Cost			
At 25 March 2017	10.5	580.0	590.5
Exchange movement	—	0.6	0.6
Additions ⁽¹⁾	—	28.2	28.2
Disposals	(1.0)	(17.5)	(18.5)
At 24 March 2018	9.5	591.3	600.8
Exchange movement	—	(1.1)	(1.1)
Additions	—	8.7	8.7
Disposals	—	(63.3)	(63.3)
Transferred to discontinued operations	—	(11.1)	(11.1)
At 30 March 2019	9.5	524.5	534.0
Accumulated depreciation			
At 25 March 2017	(1.2)	(445.6)	(446.8)
Exchange movement	—	(0.4)	(0.4)
Depreciation charge ⁽²⁾	(0.2)	(43.2)	(43.4)
Impairment charge ⁽³⁾	—	(23.3)	(23.3)
Disposals	—	14.3	14.3
At 24 March 2018	(1.4)	(498.2)	(499.6)
Exchange movement	—	1.2	1.2
Depreciation charge ⁽²⁾	(0.2)	(31.0)	(31.2)
Impairment charge ⁽³⁾	—	(10.9)	(10.9)
Disposals	—	60.6	60.6
Transferred to discontinued operations	—	11.1	11.1
At 30 March 2019	(1.6)	(467.2)	(468.8)
Net Book Value			
30 March 2019	7.9	57.3	65.2
24 March 2018	8.1	93.1	101.2

⁽¹⁾ Freehold land and buildings includes a release of £nil (2018: £0.1 million) capital accrual.

⁽²⁾ Includes £1.1 million (2018: £4.0 million) of depreciation relating to discontinued operations

⁽³⁾ Includes £3.3 million (2018: £4.6 million) of impairment loss relating to discontinued operations.

Freehold land of £0.2 million (2018: £0.2 million) is not depreciated.

Depreciation of £4.2 million (2018: £4.2 million) is shown within cost of sales and £25.9 million (2018: £35.2 million) is shown within administrative expenses in the income statement.

Included within fixtures and equipment are assets in the course of construction of £0.4 million (2018: £4.2 million), which are not depreciated.

At 30 March 2019, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £4.9 million (2018: £8.5 million), inclusive of the cost of bringing newly committed properties to a usable condition.

Property, plant and equipment with a carrying amount of £56.4 million (2018: £80.1 million) are pledged as security for the RCF, see note 26.

The trading performance for the period ended 30 March 2019 represents the main event triggering impairments (2018: trading performance).

The lowest CGUs within the Group are individual stores. For the purpose of impairment assessment, the value in use of the relevant CGUs has been calculated using the cash flow performance from the current period extrapolated using the applicable budget growth rates for the next financial period. The rate of growth used to extrapolate cash flows beyond the one year period is 1.8% per annum (2018: 2.0%). This growth rate is based on published estimates of the long-term growth in Gross Domestic Product in the respective CGUs and inflation.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment (continued)

The resulting cash flows are discounted using a pre-tax discount rate of 11.46% for UK, 10.61% for International (2018: 10.28%* for UK, 8.02% - 11.02% for International). This rate reflects management's estimate of the cost of capital for the business.

If the applicable budget growth rate for the next financial period was nil, an additional impairment of £4.0 million would be required for assets allocated to stores.

If the applicable gross profit budget growth rate for the next financial period was -5.0%, an additional impairment of £6.8 million would be required for assets allocated to stores.

The Group also estimates for the purposes of impairment testing that the rent at the end of the CVA will remain at the CVA level.

If rent on stores that are still on CVA terms returned to rent charged pre-CVA, an additional impairment of £1.7 million would be required for assets allocated to stores.

During the period ended 30 March 2019, an adjustment was required to reclassify property, plant and equipment to current assets due to the financial statements being prepared on a basis other than going concern.

* The pre-tax discount rate has been restated for the prior period. The prior period financial statements quoted 8.82% which was the post-tax discount rate. The change does not have a material impact on the impairment charge recognised during the period ended 24 March 2018, hence no restatement of the impairment charge has been made.

14. Intangible assets

	<i>Goodwill</i>	<i>Brands, trademarks and licences</i>	<i>Recoverable leasehold property premiums</i>	<i>Software licences</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Cost					
At 25 March 2017	365.3	281.6	10.0	138.4	795.3
Exchange movement	—	0.1	0.1	—	0.2
Additions	—	—	—	18.6	18.6
Disposals	—	—	(2.2)	(26.8)	(29.0)
At 24 March 2018	365.3	281.7	7.9	130.2	785.1
Exchange movement	—	—	(0.1)	0.1	—
Additions	—	—	—	7.2	7.2
Disposals	—	—	—	(4.8)	(4.8)
Transferred to discontinued operations	—	—	(2.4)	—	(2.4)
At 30 March 2019	365.3	281.7	5.4	132.7	785.1
Accumulated amortisation and impairment					
At 25 March 2017	—	—	(0.9)	(64.2)	(65.1)
Exchange movement	—	—	(0.1)	—	(0.1)
Amortisation charge ⁽¹⁾	—	—	—	(20.2)	(20.2)
Impairment charge ⁽²⁾	—	—	(1.4)	(2.2)	(3.6)
Disposals	—	—	0.4	26.6	27.0
At 24 March 2018	—	—	(2.0)	(60.0)	(62.0)
Exchange movement	—	—	0.1	(0.1)	—
Amortisation charge ⁽¹⁾	—	—	—	(19.2)	(19.2)
Impairment charge ⁽²⁾	(365.3)	(44.0)	(6.0)	(1.3)	(416.6)
Disposals	—	—	0.1	4.4	4.5
Transferred to discontinued operations	—	—	2.4	—	2.4
At 30 March 2019	(365.3)	(44.0)	(5.4)	(76.2)	(490.9)
Net book value					
At 30 March 2019	—	237.7	—	56.5	294.2
At 24 March 2018	365.3	281.7	5.9	70.2	723.1

⁽¹⁾ Includes £0.2 million (2018: £0.4 million) of amortisation relating to discontinued operations

⁽²⁾ Includes £0.9 million (2018: £2.6 million) of impairment losses relating to discontinued operations

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

Amortisation of £0.8 million (2018: £1.5 million) is shown within cost of sales and £18.2 million (2018: £18.3 million) is shown within administrative expenses in the income statement.

Included within software licences are material intangible assets primarily related to launching our new Hybris online platform for UK and international websites and our retail stock management programme with a combined carrying amount of £40.2 million. The average remaining life of these assets is 37 months.

If the applicable budget growth rate for the next financial period was nil, no additional impairment would be required for assets allocated to stores.

If the applicable gross profit budget growth rate for the next financial period was -5.0%, no additional impairment would be required for assets allocated to stores.

If rent on stores that are still on CVA terms returned to rent charged pre-CVA, no additional impairment would be required for assets allocated to stores.

Intangible assets with a carrying amount of £56.4 million (2018: 68.4 million) are pledged as security for the RCF, see note 26.

As at 30 March 2019, the Group had entered into contractual commitments for the acquisition of software amounting to £2.0 million (2018: £0.6 million).

The lowest CGUs within the Group are individual stores. Software licences and lease premiums have been allocated between these CGUs for the purpose of impairment review. Goodwill arising from business combinations and brands, trademarks and licences are all allocated to the UK. Recoverable leasehold property premiums with carrying amount of £nil are allocated to France.

As at 30 March 2019, Brands represents the New Look brand acquired through business combinations. Fair value was established by independent valuers and was based on the functional multi-period excess earnings method. The Group is committed to the continuing development of the New Look brand and has concluded that it has an indefinite useful life during the period ended 30 March 2019, see note 2.9.

As part of the transaction, which completed on 3 May 2019, see note 36, New Look Limited and its subsidiaries were sold to New Look Bonds Limited. As a result, management have obtained an independent valuation to support the value of the brand to be recognised within the new group. The asset covers the right to trade across stores and online under the 'New Look' name and is owned by New Look Limited. The Group has recognised an impairment charge of £44.0 million such that the carrying amount of the brand equals the valuation within the new group.

Whilst the useful life during the financial period was assessed to be indefinite in line with the factors discussed in note 2.9, management have re-assessed the useful life of the brand as part of the valuation for the new group following completion of the transaction. In light of the ongoing challenges in the retail sector, management consider a finite useful life to be more appropriate on an ongoing basis. The useful life is considered to be 25 years which represents management's best estimate of the period over which the brand will be utilised based on a prudent view following the previous 50 years of trading under the 'New Look' name. The brand will be amortised on a straight line basis.

Certain premiums paid on acquisition of short leasehold property in mainland Europe are expected to be recoverable from subsequent tenants. Recoverable leasehold property premiums are pledged as security for the related lease rental liabilities. Due to the financial performance of stores within the period and the ongoing review of the international business in France, the carrying amount of these assets is considered to be £nil. This has resulted in an impairment charge during the period of £5.9 million (2018: impairment charge of £1.4 million).

A further £0.5 million (2018: £2.2 million) impairment charge was incurred on software which is not expected to be utilised in the foreseeable future due to the recent trading performance of stores. The trading performance for the period ended 30 March 2019 represents the main event triggering impairments (2018: trading performance) for software related to stores. For the purpose of impairment testing, the value in use of relevant groups of CGUs has been calculated as detailed in note 13.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (continued)

During the period ended 30 March 2019, goodwill was fully impaired. Following completion of the transaction (see note 36), New Look Retail Group Limited is no longer the ultimate parent of New Look Limited and its subsidiaries, which together cover the ownership of the New Look brand and trading activities of the core business. As the existing Group will no longer exist, the related goodwill is not considered to have any value.

During the period ended 30 March 2019, an adjustment was required to reclassify intangible assets to current assets due to the financial statements being prepared on a basis other than going concern.

15. Discontinued operations

Following a strategic review performed in the period ended 30 March 2019, the Board determined that the China and Belgium businesses were not a strategic focus for the Group going forward. On 18 October 2018, the Board announced the decision to close the China business. By 1 January 2019 all China stores were closed. On 16 January 2019 New Look Belgium SA filed for bankruptcy proceedings and on 22 January 2019 an administrator was appointed. From this date, New Look Belgium SA was no longer under the control of the Group.

The result of the disposal group, consisting of China and Belgium, for the period to the date of disposal has been reported as discontinued operations in the loss for the period.

An analysis of the result of discontinued operations, and the result recognised in the re-measurement of assets of the disposal group, is as follows:

		<i>For the financial periods</i>	
		<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>Note</i>	<i>£m</i>	<i>£m</i>
Revenue	5, 6	42.6	59.2
Cost of sales		(27.1)	(28.2)
Gross profit		15.5	31.0
Administrative expenses		(41.1)	(60.0)
Loss on disposal - Belgium	10	(0.5)	-
Loss on disposal - China	10	(4.4)	-
Operating loss before taxation		(30.5)	(29.0)
Taxation	11	-	(4.7)
Loss after taxation		(30.5)	(33.7)

Included in the loss on disposal related to Belgium is a £2.1 million gain from the release of historic amounts in the translation reserve associated with Belgium and a £1.4 million gain on disposal of the net liabilities of Belgium offset by a £3.6 million loss allowance provision charge recognised on amounts owed by Belgium to other Group subsidiaries and £0.4 million of professional advisory fees.

Included in the loss on disposal related to China is £4.4 million of professional advisory fees.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

15. Discontinued operations (continued)

Underlying operating profit/(loss) and adjusted EBITDA, non-GAAP measures, (see note 2.22) are calculated as follows:

	<i>Note</i>	<i>For the financial periods</i>	
		<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
		<i>£m</i>	<i>£m</i>
Discontinued operations			
Operating loss before taxation		(30.5)	(29.0)
Add back/(deduct):			
Operating exceptional items excluding exceptional onerous lease release	10	11.3	0.3
Impairment charge for tangible and intangible assets	13,14	4.2	7.2
Onerous lease (credit)/charge		(1.6)	1.4
Underlying operating loss from discontinued operations	5	(16.6)	(20.1)
Add back:			
Depreciation	13	1.1	4.0
Amortisation	14	0.2	0.4
Adjusted EBITDA from discontinued operations		(15.3)	(15.7)
Loss from discontinued operations		(30.5)	(33.7)

Cash flows of the discontinued operations included within the consolidated cash flow statement of the Group, are as follows:

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Operating cash flow	(8.1)	4.4
Investing cash flow	(0.8)	(5.9)
Financing cash flow	3.0	2.6
Total cash flows	(5.9)	1.1

16. Inventories

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Raw materials and work in progress	2.2	2.8
Finished goods	127.8	144.5
Spare parts	1.8	1.8
	131.8	149.1

Inventories with a value of £6.0 million (2018: £5.1 million) are carried at fair value less costs to sell, this being lower than cost. Cost of inventories recognised as an expense and any write downs of inventories are disclosed in note 7.

The judgments involved in calculating the provision for inventories are the estimated utilisation of raw materials and work in progress and the net realisable value of finished goods. The net realisable value achieved on the sale of a provided item may vary to the net realisable value used in calculating the provision. If the net realisable value achieved on the sale of items reduced by 10%, the inventory provision would increase £1.5 million.

Inventories with a carrying amount of £124.8 million (2018: £133.6 million) are pledged as security for the RCF, see note 26.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

17. Trade and other receivables

	<i>As at</i>	
	30 March 2019	24 March 2018
		<i>restated</i>
	£m	£m
Current		
Trade receivables	17.3	31.7
Other receivables	10.7	15.1
Prepayments	29.3	28.7
Accrued income	2.5	2.2
	59.8	77.7
Non-current		
Other receivables	-	0.8
Prepayments	-	13.2
	-	14.0

During the period ended 30 March 2019, an adjustment was required to reclassify all trade and other receivables to current assets due to the financial statements being prepared on a basis other than going concern.

Trade and other receivables in the prior period have been restated to reflect a £0.4 million decrease, see note 31.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	<i>As at</i>	
	30 March 2019	24 March 2018
		<i>restated</i>
	£m	£m
Sterling	52.2	73.2
Euro	3.8	9.1
US dollar	2.9	4.7
Renminbi	0.6	4.4
Zloty	0.3	0.3
	59.8	91.7

As at 30 March 2019, trade and other receivables of £17.8 million (2018: £35.2 million) were fully performing.

As at 30 March 2019, trade and other receivables of £10.2 million (2018: £12.4 million) were past due but not classed as impaired.

The ageing analysis of these is as follows:

	<i>As at</i>	
	30 March 2019	24 March 2018
		<i>restated</i>
	£m	£m
Up to 2 months	1.7	11.3
2 to 6 months	4.0	0.5
6 to 12 months	0.6	0.1
Greater than 12 months	3.9	0.5
	10.2	12.4

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

17. Trade and other receivables (continued)

Included within the trade and other receivables balance is a loss allowance provision of £12.9 million (2018: £4.0 million). The ageing of these receivables is as follows:

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Up to 2 months	4.4	—
2 to 6 months	1.2	2.4
6 to 12 months	0.1	0.1
Greater than 12 months	7.2	1.5
	12.9	4.0

Movements on the Group loss allowance provision for trade and other receivables are as follows:

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
At start of period	4.0	6.9
Provisions for receivables impairment	9.5	2.3
Receivables written off during the period	(0.5)	(5.1)
Foreign exchange movement on provision for debts in foreign currencies	(0.1)	(0.1)
	12.9	4.0

During the period to 24 March 2018, the Group booked a loss allowance provision of £2.1 million relating to non-current other receivables.

The creation and release of the provision for impaired receivables has been included in administrative expenses. Amounts charged to the loss allowance provision are generally written off when there is no expectation of recovering additional cash. Subsequent recoveries of amounts previously written off are credited against administrative expenses. The other classes within trade and other receivables do not contain impaired assets.

The provision for receivables impairments recognised during the period ended 30 March 2019 includes an impairment of £3.6 million relating to amounts due from New Look Belgium SA. Additional impairments were recognised in respect of certain receivables which the Group do not consider to be recoverable based on the credit risk and days past due of these receivables.

The Group's maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Trade and other receivables with a carrying amount of £20.4 million (2018: £35.9 million) are pledged as security for the RCF, see note 26.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

18. Derivative financial instrument assets

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Current assets		
Embedded foreign exchange derivatives	0.1	0.6
	0.1	0.6

Embedded foreign exchange derivatives arise within outstanding purchase orders, which are in currencies other than the functional currencies of the contracting parties.

During the period ended 24 March 2018, the Group cancelled all of its currency swap agreements. The foreign currency contracts are detailed within notes 23 and 24.

19. Cash and cash equivalents

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Cash at bank and in hand	40.2	35.5
Short-term deposits	34.3	10.4
Restricted cash	10.9	12.0
Blocked cash	0.2	1.4
	85.6	59.3

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods between one day and three months depending on the cash requirements of the Group, and earn interest at market short term deposit rates. Restricted cash comprises £10.9 million (2018: £12.0 million) held by the EBTs which can only be utilised for the benefit of employees. Blocked cash comprises £0.2 million (2018: £1.4 million) held as guarantees over leases in mainland Europe. There are certain withdrawal conditions on the proceeds from the bridge facility. As at 30 March 2019, of the fully drawn £80.0 million bridge facility, £2.3 million had not been withdrawn into operational cash and remained in the loan account, see note 26 for further details.

Cash and cash equivalents with a carrying amount of £58.8 million (2018: £27.9 million) are pledged as security for the RCF, see note 26.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

20. Trade and other payables

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>restated £m</i>
Current		
Trade payables	83.5	98.1
Other taxation and social security	7.2	5.5
Other payables	2.1	3.6
Accruals	87.2	82.1
Interest accrual	30.4	23.6
Deferred income – lease incentives	55.2	11.1
Deferred income – gift cards	16.6	19.2
Deferred income – loyalty scheme	-	0.9
Deferred income - other	0.7	0.6
	282.9	244.7
Non-current		
Other payables	-	0.4
Deferred income – lease incentives	-	60.5
Liability for cash-settled share based payments	-	1.0
	-	61.9

All items within trade and other payables are non-interest bearing. Standard terms for trade payables are settlement on either 60 or 75 day terms, unless otherwise specifically agreed. Included in accruals is £22.7 million (2018: £24.4 million) relating to inventory.

The Group's core operating bank provide operating facilities to the Group's suppliers totalling £85.0 million (2018: £85.0 million). These operating facilities include products such as letters of credit, supplier invoice financing and other trade facilities which provide suppliers the ability to advance payment against invoices submitted and are included within trade payables. Supplier invoice financing agreements are bilateral, between the bank and the supplier with the finance cost settled by the supplier. As at 30 March 2019, letters of credit of £53.7 million (2018: £56.4 million), supplier invoice financing of £14.3 million (2018: £20.2 million) and £0.4 million (2018: £0.3 million) of other trade facilities were outstanding under these arrangements.

Trade and other payables have been restated in the prior period to reflect a £5.7 million increase, see note 31.

During the period ended 30 March 2019, an adjustment was required to reclassify all trade and other payables to current liabilities due to the financial statements being prepared on a basis other than going concern.

21. Borrowings

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Current		
Revolving credit facility	100.0	100.0
Bank overdraft	15.0	-
Bridge facility	86.3	-
Notes	1,223.6	-
	1,424.9	100.0
Non-current		
Notes	-	1,224.7
	-	1,224.7

During the period ended 30 March 2019, the Group fully drew down its available bank overdraft of £15.0 million.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

21. Borrowings (continued)

During the period ended 30 March 2019, the Group secured short term financing in the form of a bridge facility with a sterling equivalent of £80.0 million committed on 22 January 2019 and drawn by New Look Retailers Limited on 28 January 2019, see note 26. There is a premium of £10.0 million on the bridge facility in addition to the floating rate interest. As at 30 March 2019 £6.4 million of this had accreted under the effective interest rate method, see note 9.

During the period ended 24 March 2018, the Group fully drew down its available revolving credit facility of £100.0 million.

Financial liabilities are stated net of unamortised capitalised issue costs of £11.5 million (2018: £14.6 million).

Further disclosure in respect of borrowings is provided in note 26.

During the period ended 30 March 2019, an adjustment was required to reclassify all borrowings to current liabilities due to the financial statements being prepared on a basis other than going concern.

22. Derivative financial instrument liabilities

	As at	
	30 March 2019	24 March 2018
	£m	£m
Current liabilities		
Foreign currency contracts – cash flow hedges	3.2	19.8
Embedded foreign exchange derivatives at fair value through income statement	0.1	-
	3.3	19.8

Foreign currency contracts comprise forward contracts which are used to hedge exchange risk arising from the Group's overseas purchases. The instruments purchased are denominated in US dollars.

The foreign currency contracts are detailed within notes 23 and 24.

Embedded foreign exchange derivatives arise within outstanding purchase orders, which are in currencies other than the functional currencies of the contracting parties.

23. Financial instruments

Fair values

The carrying values of each category of the Group's financial assets and liabilities in the balance sheet, excluding short term receivables and payables, are as follows:

	As at	
	30 March 2019	24 March 2018
	£m	£m
Financial assets		
Cash and short term deposits	85.6	59.3
Embedded foreign exchange derivatives at fair value through income statement	0.1	0.6
Financial liabilities		
Senior notes	176.7	176.7
Senior secured notes	1,058.4	1,062.5
Capitalised debt fees ⁽¹⁾	(11.5)	(14.5)
Revolving credit facility	100.0	100.0
Foreign currency contracts – cash flow hedges	3.2	19.8
Bank overdraft	15.0	-
Bridge facility	86.3	-
Embedded foreign exchange derivatives at fair value through income statement	0.1	-

⁽¹⁾ Financial liabilities are stated net of capitalised debt fees within the financial statements

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

23. Financial instruments (continued)

Fair values (continued)

Using market prices, as at 30 March 2019, the fair value of the Senior notes was approximately £171.6 million lower (2018: £131.3 million lower) than the carrying value and the fair value of the Senior Secured notes was approximately £726.3 million lower (2018: £514.5 million lower) than the carrying value. The fair value is calculated using market values, hence is categorised as level 1 per the definition in the category section below.

The fair values of derivatives have been calculated by discounting the expected future cash flows at prevailing interest rates and are based on market prices at the balance sheet date.

The Directors consider that the carrying amounts of all other financial instruments is equal to or approximate to their fair value.

The total notional amount of outstanding foreign currency and interest rate contracts to which the Group was committed at the balance sheet date is as follows:

	As at	
	30 March 2019	24 March 2018
	£m	£m
Notional amount of outstanding foreign currency contracts	209.7	275.6

The foreign currency contracts have expiry terms of between 1 and 11 months (2018: 1 and 10 months) and have been converted from the US dollar notional amounts using the closing US dollar rate of 1.299 (2018: 1.415).

Category

The accounting policies for financial instruments have been applied to the line items below:

	Assets at fair value through income statement	Assets at amortised cost	Derivatives used for hedging	Total
	£m	£m	£m	£m
Assets per balance sheet				
At 30 March 2019				
Derivative financial instruments	0.1	—	—	0.1
Trade and other receivables (excluding prepayments)	—	30.5	—	30.5
Cash and short term deposits	—	85.6	—	85.6
	0.1	116.1	—	116.2

	Liabilities at fair value through income statement	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	£m	£m	£m	£m
Liabilities per balance sheet				
At 30 March 2019				
Borrowings	—	—	1,424.9	1,424.9
Derivative financial instruments	0.1	3.2	—	3.3
Trade and other payables (excluding deferred income)	—	—	210.4	210.4
	0.1	3.2	1,635.3	1,638.6

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

23. Financial instruments (continued)

Category (continued)

	<i>Assets at fair value through income statement</i>	<i>Assets at amortised cost</i>	<i>Derivatives used for hedging</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Assets per balance sheet				
At 24 March 2018 (restated)				
Derivative financial instruments	0.6	—	—	0.6
Trade and other receivables (excluding prepayments)	—	49.8	—	49.8
Cash and short term deposits	—	59.3	—	59.3
	0.6	109.1	—	109.7

	<i>Liabilities at fair value through income statement</i>	<i>Derivatives used for hedging</i>	<i>Other financial liabilities at amortised cost</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Liabilities per balance sheet				
At 24 March 2018 (restated)				
Borrowings	—	—	1,324.7	1,324.7
Derivative financial instruments	—	19.8	—	19.8
Trade and other payables (excluding deferred income)	—	—	214.3	214.3
	—	19.8	1,539.0	1,558.8

The following table presents the Group's assets and liabilities that are measured at fair value at 30 March 2019:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Assets				
Embedded foreign exchange derivatives at fair value through income statement	—	0.1	—	0.1
Total assets	—	0.1	—	0.1
Liabilities				
Embedded foreign exchange derivatives at fair value through income statement	—	0.1	—	0.1
Foreign currency contracts – cash flow hedges	—	3.2	—	3.2
Total liabilities	—	3.3	—	3.3

The following table presents the Group's assets and liabilities that are measured at fair value at 24 March 2018:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Assets				
Embedded foreign exchange derivatives at fair value through income statement	—	0.6	—	0.6
Total assets	—	0.6	—	0.6
Liabilities				
Foreign currency contracts – cash flow hedges	—	19.8	—	19.8
Total liabilities	—	19.8	—	19.8

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

23. Financial instruments (continued)

Category (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of forward foreign currency contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value. The fair value of currency swaps is calculated as the present value of the future cash flows based on observable yield curves and forward exchange rates at the balance sheet date.

Credit quality

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	As at	
	30 March 2019	24 March 2018
	£m	£m
Trade receivables		
Counterparties without external credit rating:		
Group 1	-	0.2
Group 2	2.9	1.1
Group 3	14.4	30.4
Total trade receivables	17.3	31.7

Group 1 – new customers (less than 6 months)

Group 2 – existing customers (more than 6 months) with no defaults in the past

Group 3 – existing customers (more than 6 months) with some defaults in the past

The Group limits its exposure to financial institutions by setting credit limits based on their credit ratings and generally only dealing with counterparties with a Fitch's credit rating of at least 'A'. Group treasury monitors counterparty credit ratings closely, reviewing limits and balances immediately following counterparty downgrades. At 30 March 2019, the Group had £77.8 million of cash and cash equivalents (2018: £42.2 million) held with institutions rated 'A' or above, £nil (2018: £0.1 million) held with institutions rated 'A-' and £7.8 million (2018: £17.0 million) held with institutions rated between 'BBB-' and 'BBB+' or unrated, with a combined credit limit of £695.0 million (2018: £695.0 million).

The Group limits its exposure with its counterparties to derivative financial instruments by generally only dealing with counterparties with a Fitch credit rating of 'A-' or above. At 30 March 2019, the Group had net derivative financial liabilities of £3.2 million (2018: £13.1 million liabilities) with counterparties rated 'A' or above, £nil (2018: £nil) held with institutions rated 'A-' and £nil (2018: £6.7 million liabilities) held with institutions rated 'BBB+'.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

23. Financial instruments (continued)

Category (continued)

Maturity

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 March 2019	<1 year £m	1-2 years £m	2-5 years £m	5+ years £m
Borrowings	186.3	15.0	1,235.1	—
Trade and other payables (excluding deferred income)	210.0	—	—	0.4
At 24 March 2018 (restated)	<1 year £m	1-2 years £m	2-5 years £m	5+ years £m
Borrowings	100.0	—	1,062.6	176.7
Trade and other payables (excluding deferred income)	212.9	0.5	0.6	0.3

The fully drawn RCF termination date is 25 June 2021, however the initial term of utilisation under the RCF agreement was 6 months with a non-cash rollover to new loans for the full notional value for a one month term thereafter without creating an acceleration or event of default under the RCF agreement.

The bank overdraft is part of the committed operating facilities provided by the Group's core operational bank with a termination date of 30 June 2020.

The bridge facility termination date is the earlier of 30 June 2019 or the completion date of the debt for equity transaction, which completed on 3 May 2019, see note 36.

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 March 2019	<1 year £m	1-2 years £m	2-5 years £m	5+ years £m
Forward foreign currency contracts – cash flow hedges				
Outflow	211.5	—	—	—
Inflow	208.3	—	—	—
At 24 March 2018	<1 year £m	1-2 years £m	2-5 years £m	5+ years £m
Forward foreign currency contracts – cash flow hedges				
Outflow	293.7	—	—	—
Inflow	273.7	—	—	—

Embedded foreign exchange derivatives

At 30 March 2019, the Group had embedded foreign exchange derivatives comprising outstanding purchase orders which are in currencies other than the functional currencies of the contracting parties. Exceptions to this are where a non-functional currency is commonly used in the country of a contracting party. The fair values of the embedded derivatives under IAS 39 are as follows:

	As at	
	30 March 2019 £m	24 March 2018 £m
Fair value of embedded foreign exchange derivative assets	0.1	0.6
Fair value of embedded foreign exchange derivative liabilities	(0.1)	—

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

24. Hedging activities

Foreign currency contracts

The Group uses derivatives in order to manage foreign currency exchange risk arising on expected future purchases of overseas sourced products. These derivatives comprise forward currency contracts and currency options, the terms of which have been negotiated to match the terms of the expected purchases.

The fair values of derivatives are as follows:

	As at	
	30 March 2019	24 March 2018
	£m	£m
Fair value of hedging instruments, qualifying for hedge accounting	(3.2)	(19.8)

Currency swaps

During the period ended 24 March 2018, the Group cancelled all currency swap arrangements for £37.2 million and incurred costs of £1.2 million. At the start of the prior period, the Group paid fixed rates on the swap agreements of between 6.233% and 6.252% with a Euro swap rate of 1.381. During the prior period, the Group restructured 3 and cancelled 1 cross currency swap resulting in fixed rates between 5.130% to 6.238% with a swap rate between 1.119 and 1.280. The Group cancelled the remaining 3 currency swap arrangements in March 2018. The currency swaps were due to expire in June 2018.

Movement in fair values

	Currency swaps £m	Foreign currency contracts £m	Embedded derivatives £m	Total £m
Fair value at 25 March 2017	31.2	16.8	0.1	48.1
Fair value gain through income statement – finance	5.8	—	—	5.8
Fair value gain/(loss) through income statement – operating	0.4	(2.8)	0.5	(1.9)
Fair value loss to reserves	(0.2)	(33.8)	—	(34.0)
Cash proceeds from restructuring of swaps	(37.2)	—	—	(37.2)
Fair value at 24 March 2018	—	(19.8)	0.6	(19.2)
Fair value gain/(loss) through income statement – finance	—	—	—	—
Fair value gain/(loss) through income statement – operating	—	0.3	(0.6)	(0.3)
Fair value gain to reserves	—	16.3	—	16.3
Fair value at 30 March 2019	—	(3.2)	—	(3.2)

The prior period net fair value loss to reserves on currency swaps comprises a net £6.0 million gain recognised in equity during the period and the recycling out of equity of a £5.8 million prior period gain, in addition to £0.4 million loss of amortisation of the difference between the spot and forward rate relating to the final exchange on cross currency swaps which were recycled out of reserves and recognised within administrative expenses in the period. £37.2 million was realised as cash upon cancellation of the currency swaps.

The net fair value gain to reserves on foreign currency contracts comprises a net £1.6 million loss (2018: net £17.9 million loss) on foreign currency contracts recognised in equity during the period and the recycling out of equity of a £17.9 million prior period loss (2018: £15.9 million prior period gain) on final settlement of contracts taken out in prior periods included in operating gain during the financial period.

The income statement includes £nil (2018: £5.8 million of gains) recognised within finance expense (2018: finance expense) resulting from the Euro cross currency derivatives, accounted for as a cash flow hedge, recycled from reserves. The income statement also includes £0.3 million of gains (2018: £2.8 million of losses) resulting from ineffectiveness of foreign currency contracts and £0.6 million of losses (2018: £0.5 million of gains) resulting from the fair value movement of embedded derivatives.

The embedded derivatives are referred to within note 23.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

25. Analysis of net debt

	24 March 2018 £m	Cash flow £m	Non-cash changes £m	30 March 2019 £m
Cash and cash equivalents	59.3	25.9	0.4	85.6
Notes	(1,224.7)	-	1.1	(1,223.6)
Revolving credit facility	(100.0)	-	-	(100.0)
Bank overdraft	-	(15.0)	-	(15.0)
Bridge facility	-	(80.0)	(6.3)	(86.3)
Total net debt	(1,265.4)	(69.1)	(4.8)	(1,339.3)

Included in notes non-cash changes are net £4.2 million Euro notes revaluation gains and £3.1 million amortisation of capitalised fees. Included in bridge facility non-cash changes are £0.1 million Euro loan revaluation gains and £6.4 million accreted interest under the effective interest rate method.

	25 March 2017 £m	Cash flow £m	Non-cash changes £m	24 March 2018 £m
Cash and cash equivalents	73.2	(13.1)	(0.8)	59.3
Notes	(1,218.1)	-	(6.6)	(1,224.7)
Revolving credit facility	-	(100.0)	-	(100.0)
Currency swaps	31.2	(37.2)	6.0	-
Total net debt	(1,113.7)	(150.3)	(1.4)	(1,265.4)

Included in notes non-cash changes are net £3.7 million Euro notes revaluation losses and £2.9 million amortisation of capitalised fees.

26. Interest rate risk and liquidity risk

During the financial period, as part of the restructuring transaction, consents required to increase the general indebtedness basket in the notes indentures from £60.0 million to £80.0 million were received on 17 January 2019. As a result of signing up to the Lock Up Agreement, the original back stop parties committed to providing an £80.0 million sterling equivalent short term loan, the bridge facility. The bridge facility funding was committed to ensure the Group had sufficient liquidity to complete the restructuring transaction. The bridge facility was committed on 22 January 2019 and fully drawn by New Look Retailers Limited, 'the borrower', on 28 January 2019. The funds were drawn in Sterling and Euro with the Euro loans fixed at the EURGBP rate on 22 January 2019 of 0.8815, and transferred into newly opened bank accounts.

The loans were repriced by the facility agent monthly at the request of the borrower up until full discharge on 3 May 2019 upon issuance of the New Money Bonds (see note 36 for further details).

From the date of drawdown, the borrower made fortnightly transfers from the loan accounts into operational cash. Prior to each withdrawal, certain withdrawal conditions had to be met by the borrower, including:

- The borrower had provided a cashflow forecast to June 2019 to the bridge facility lenders;
- Each withdrawal to be not more than the cash shortfall outlined in the June 2019 cashflow unless justified on the withdrawal notice;
- Amounts withdrawn from the loan accounts per the withdrawal notice not to be used to pay directly or indirectly principle, interest or coupon in respect of Group borrowings unless in relation to the RCF or operating facilities;
- The executive chairman or chief financial officer of the borrower confirms to the facility agent:
 - The cash shortfall for the forthcoming fortnightly period as determined by the borrower's most recent cashflow and the amount included on the withdrawal request, together with any reasoning for an additional amount;
 - They believe that the Group has sufficient liquidity for the period from withdrawal to consummation of the transaction if no later than 30 June 2019;
 - That the operating facilities remains fully committed and available and are expected to remain so;
 - That the RCF remains fully drawn; and

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

26. Interest rate risk and liquidity risk (continued)

- That any receivables factoring entered into prior to 30 November 2018 continue to be available in full in accordance with their terms and expected to remain so.
- No more than one withdrawal per fortnight;

The bridge facility has a final termination date being the earlier of 30 June 2019, or the completion date of the debt for equity transaction, which completed on 3 May 2019.

As at 30 March 2019, £2.3m of the bridge facility funding had not been withdrawn into operational cash.

New Look Secured Issuer plc issued senior secured notes which are made up of two tranches denominated in Sterling and Euro. The Sterling notes are at a fixed coupon rate and the Euro notes are at the prevailing floating rate of interest based upon short term inter-bank rates (three month EURIBOR) plus a fixed margin.

New Look Senior Issuer plc issued Sterling senior notes at a fixed coupon rate.

Notional debt on issue:	Rate	Fixed rate %	Cash margin %	Value	Maturity
GBP senior secured notes	Fixed	6.5	-	£700,000,000	1 July 2022
EUR senior secured notes	Floating	-	4.5	€415,000,000	1 July 2022
GBP senior notes	Fixed	8.0	-	£200,000,000	1 July 2023

The Sterling senior secured notes had a first call date of 24 June 2018 and up to this date the notes could be redeemed at par plus a make-whole premium of the greater of 1.0% of principal and, to the extent positive, the excess of the present value at redemption date plus all required interest payments using a discount rate equal to the applicable Gilt rate plus 50 basis points. After 24 June 2018 and up to 24 June 2019 the redemption price is 103.250% of principal, up to 24 June 2020 at 101.625% and thereafter repayable at par.

The Euro senior secured notes had a first call date of 24 June 2016 and up to this date the notes could be redeemed at par plus a make-whole premium of the greater of 1.0% of principal and, to the extent positive, the excess of the present value at redemption date plus all the required interest payments using a discount rate equal to the applicable Bund rate plus 50 basis points. After 24 June 2016 and up to 24 June 2017 the redemption price is 101.0% of principal and thereafter repayable at par.

The Sterling senior notes had a first call date of 24 June 2018 and up to this date the notes could be redeemed at par plus a make-whole premium of the greater of 1.0% of principal and, to the extent positive, the excess of the present value at redemption date plus all required interest payments using a discount rate equal to the applicable Gilt rate plus 50 basis points. After 24 June 2018 and up to 24 June 2019 the redemption price is 104.0% of principal, up to 24 June 2020 at 102.0% and thereafter repayable at par.

On 25 June 2015, the Group also entered into a re-negotiated multi-currency revolving credit facility (RCF) for £100.0 million which has a final termination date of 25 June 2021. Covenant measures commenced on 25 June 2016. The financial covenant Net Leverage Ratio test is only tested when the facility is drawn equal to or greater than 25% at 5pm on the last day of the most recent reporting quarter. If the ratio is exceeded at this time the covenant only acts as a draw stop on future drawings. There is no breach or default trigger from exceeding the ratio. As at 24 March 2018, the RCF was fully drawn, however the covenant measure ceased to be applicable from 6 March 2018 due to the amendments to the RCF as a result of the CVA. Certain Group subsidiaries are parties to a cross guarantee and hence have pledged certain assets as security for the RCF.

The Group's notional debt as at 30 March 2019 is as follows:

	Rate	Fixed rate %	Cash margin %	Value	Maturity
GBP senior secured notes	Fixed	6.5	—	£700,000,000	1 July 2022
EUR senior secured notes	Floating	—	4.5	€415,000,000	1 July 2022
GBP senior notes	Fixed	8.0	—	£176,719,000	1 July 2023
GBP revolving credit facility	Floating	—	3.25	£100,000,000	25 June 2021
GBP bridge facility	Floating	—	12.0	£72,846,847	30 June 2019
EUR bridge facility	Floating	—	12.0	€8,114,751	30 June 2019

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NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

26. Interest rate risk and liquidity risk (continued)

The following table sets out the carrying amount, by contractual maturity, of the Group's financial instruments that are exposed to interest rate risk. This, therefore, differs to the classification of the liabilities on the balance sheet within current liabilities due to the financial statements being prepared on a basis other than going concern.

Floating rate

Period ended 30 March 2019

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Cash assets	85.6	—	—	—	—	—	85.6
Revolving credit facility	(100.0)	—	—	—	—	—	(100.0)
Bank overdraft	—	(15.0)	—	—	—	—	(15.0)
Bridge facility	(79.9)	—	—	—	—	—	(79.9)
Notes – Euro	—	—	—	(358.4)	—	—	(358.4)
	(94.3)	(15.0)	—	(358.4)	—	—	(467.7)

Period ended 24 March 2018

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Cash Assets	59.3	—	—	—	—	—	59.3
Revolving credit facility	(100.0)	—	—	—	—	—	(100.0)
Notes – Euro	—	—	—	—	(362.5)	—	(362.5)
	(40.7)	—	—	—	(362.5)	—	(403.2)

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are at fixed rates and therefore not exposed to interest rate risk:

Fixed rate

Period ended 30 March 2019

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Notes – Sterling	—	—	—	(700.0)	(176.7)	—	(876.7)
	—	—	—	(700.0)	(176.7)	—	(876.7)

Period ended 24 March 2018

	Within 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	More than 5 years £m	Total £m
Notes – Sterling	—	—	—	—	(700.0)	(176.7)	(876.7)
	—	—	—	—	(700.0)	(176.7)	(876.7)

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The closing balance of the Euro notes and Euro tranche of the bridge facility were converted at a rate of 1.1581 (2018: 1.1448).

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

26. Interest rate risk and liquidity risk (continued)

Borrowing facilities

The Group has the following undrawn committed facilities available:

	<i>As at</i>	
	30 March 2019	24 March 2018
	£m	£m
Expiring within one year	—	15.0
Expiring in more than one year	—	—

As at 30 March 2019, the £100.0 million RCF and £15.0 million overdraft facility had been fully utilised (2018: £100.0 million RCF and £nil overdraft).

All facilities incur commitment fees at market rates and provide funding at floating rates.

The Group's management of interest rate risk, credit and market risk is explained in note 3.

27. Provisions

	<i>Onerous lease provisions</i>	<i>Dilapi- dations provisions</i>	<i>Onerous contracts</i>	<i>CVA provisions</i>	<i>International exit provisions</i>	<i>Group reorganisation provisions</i>	Total
	£m	£m	£m	£m	£m	£m	£m
At 25 March 2017	10.8	0.1	—	—	—	—	10.9
Arising during the period	10.1	1.4	5.7	2.9	—	—	20.1
Utilised	(4.2)	(0.1)	(5.6)	—	—	—	(9.9)
Reversal of unused amounts	(5.9)	—	—	—	—	—	(5.9)
At 24 March 2018	10.8	1.4	0.1	2.9	—	—	15.2
Arising during the period	6.4	0.3	—	1.3	4.6	2.2	14.8
Utilised	(7.1)	(0.4)	(0.1)	(2.8)	—	—	(10.4)
Reversal of unused amounts	(5.2)	(0.6)	—	—	—	—	(5.8)
Exchange movement	(0.1)	(0.2)	—	—	—	—	(0.3)
At 30 March 2019	4.8	0.5	—	1.4	4.6	2.2	13.5

	<i>As at</i>	
	30 March 2019	24 March 2018
	£m	£m
Current	13.5	8.9
Non-current	-	6.3
	13.5	15.2

During the period ended 30 March 2019, an adjustment was required to reclassify all provisions to current liabilities due to the financial statements being prepared on a basis other than going concern.

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NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

27. Provisions (continued)

Onerous lease provisions

This provision relates to onerous lease contracts on loss making stores. A provision is booked on loss making stores where the discounted future cash flows are not expected to cover future rental payments under the lease contract. A provision is made for the lower of discounted store cash outflows (including rental payments) and discounted rental payments. A discount rate of 1.74% (2018: 1.93%) has been applied for the UK stores and rates between 0.90% and 2.84% (2018: 1.00% and 3.92%) for International stores and management have made an assumption that the budgeted forecasts will be achieved. If store performance was 5% worse than budget, the onerous lease provision would increase £0.3 million. The provisions are estimated to be used over one to 101 months. Future operating losses are not provided for. For France and Poland provisions, the Group has estimated a remaining lease term of 6 months following the ongoing review of the international business.

Dilapidations provisions

The dilapidations provision of £0.5 million (2018: £1.4 million) is expected to be utilised over one to 12 months.

Onerous contracts

During the period ended 24 March 2018, a provision of £5.7 million was recognised in relation to onerous contracts as a result of the aborted move to King's Cross. £0.1 million (2018: £5.6 million) of this has been utilised within the period.

CVA provisions

During the period ended 24 March 2018, the Group announced the approval of a Company Voluntary Arrangement ("CVA") aimed at right-sizing the number of stores and addressing the over-rented position of the UK store portfolio. The Group identified 60 UK stores for potential closure, together with a further 6 sites which are sub-let to third parties. As a result the Group recognised a £2.9 million provision for the exit costs associated with the 60 store closures and the compromised lease fund offered to landlords as part of the CVA proposal. During the period ended 30 March 2019, 43 C stores were closed or closing, leases of 10 C stores were renewed and 67 B stores were closed. The arising provisions in the current period relate to the exit costs associated with landlord enforced closures of B stores and retention bonuses for staff in C stores marked for closure. See note 10 for further details. This is expected to be utilised over one to 24 months.

International exit provisions

During the period ended 30 March 2019, the Group announced a review of the International businesses. As a result, the Group has recognised a provision for certain exit costs associated with exiting China, Belgium, France and Poland. See note 10 for further details. This is expected to be utilised over one to 12 months.

Group reorganisation provisions

During the period ended 30 March 2019, the Board and senior management undertook a review of end to end processes within the support functions in light of the international review and restructuring transaction. The Group recognised a £2.2 million provision for exit costs as a result of the review. See note 10 for further details. This is expected to be utilised over one to 12 months.

28. Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases where the Group is the lessee:

	As at	
	30 March 2019	24 March 2018
	£m	£m
Not later than one year	114.0	139.4
Later than one year and not later than five years	356.6	412.4
Later than five years	270.8	311.6
	741.4	863.4

The Group has entered into operating leases in respect of warehouses, offices, retail stores and fixtures and equipment. Contingent rentals are payable on certain retail store leases based on store revenues.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

28. Operating lease commitments (continued)

The reduction in operating lease commitments is primarily a result of store closures in the period.

At the balance sheet date, total future payments expected to be received under non-cancellable sub-leases were £0.2 million (2018: £0.8 million).

The significant estimates and assumptions made in calculating the operating lease commitment are detailed in note 4(f).

If the rent for CVA stores increased 5% at the end of the CVA period, future minimum rentals payable would increase by £7.3 million.

29. Share based payments

Employee Shareholder Status (ESS) scheme

In September 2015, key personnel in the Group were offered participation in the ESS scheme with shares in Top Gun Bidco Limited gifted to employees at the discretion of the Board in exchange for employees giving up certain statutory employment rights. Each management shareholder was gifted a number of D1 or D2 ordinary shares or a mixture of both share classes.

Employees received shares worth at least £2,000 and income tax and employee and employer National Insurance contributions (NICs) were paid on the value exceeding £2,000.

The shares contain a Put option which entitles the employees to put their shares to Brait in line with the Put Option schedule, with 20% vested on 25 September 2018, 25% vesting on 25 September 2019, 25% vesting on 25 September 2020 and 30% vesting on 25 September 2021. Upon exit all shares vest in full. The Put purchase price is equal to the value based on the Brait Published Rate (BPR) which is derived from Brait's quarterly investment value in the New Look Group.

On leaving, the value of the shares is based on a four year straight-line vesting period from the date of grant. As a good leaver, employees will receive the BPR for vested shares and the lower of cost and BPR for unvested shares, whereas bad leavers receive the lower of cost and BPR on both vested and unvested shares.

The D1 shares were awarded to management shareholders with a redemption right for a period of three months from the date of the award, for Top Gun Bidco Limited to redeem all of the employee's D1 shares whether vested or unvested at £5.00 per share. No employees exercised the redemption right.

Details of the ESS scheme shares outstanding during the period are as follows:

	<i>For the financial periods</i>	
	30 March 2019	24 March 2018
	Number of share	Number of share
	options	options
	000s	000s
Outstanding at the beginning of the period	47,000	59,500
Granted in the period	—	—
Forfeited in the period	(500)	(12,500)
Outstanding at the end of the period	46,500	47,000
Exercisable at the end of the period	—	—
Weighted average remaining contractual life (months)	6 months	11 months
Weighted average share price at the date of exercise (pence)	0.00	0.00
Weighted average exercise price (pence)	0.00	0.00
Market value at period end (pence)	0.00	0.00
Highest market value (pence)	0.00	0.00
Lowest market value (pence)	0.00	0.00

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

29. Share based payments (continued)

Employee Shareholder Status (ESS) scheme (continued)

The Put option schedule outlined above was used as the vesting profile and exercise period as it is on this basis that employees are entitled to benefit from the market value of the shares if they remain in employment for sufficient time to exercise the Put option.

The weighted average fair value of the shares granted under the ESS scheme was calculated at the date of grant using the Black-Scholes option pricing model. The following table lists the inputs to the model as at the date of grant and used for the periods ended 30 March 2019 and 24 March 2018.

Weighted average fair value (pence)	930.09
Weighted average share price (pence)	930.09
Exercise price (pence)	0.00
Expected volatility (%)	29.42 to 33.13
Expected life of option (years)	3.00 to 6.00
Dividend yield (%)	0.00
Risk-free interest rate (%)	0.76 to 1.30
Leaver rate	5.00%

Expected share price volatility is determined through the assessment of the historical volatility of a comparable group of companies over a period consistent with the expected life of the award. It is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on the Put option schedule as outlined above.

The resulting equity settled charge of £3.1 million (2018: £19.6 million) was recognised in the income statement for the period ended 30 March 2019. The prior period charge includes accelerated vesting in accordance with IFRS 2. During the prior period, one employee retained their shares after leaving the business which resulted in an increased charge due to the accelerated vesting of these shares. No cash payment was made as a result of this.

Joint Share Ownership Plan (JSOP) scheme

In June 2016 and December 2016, key personnel in the Group were offered participation in the JSOP scheme with shares in Top Gun Bidco Limited purchased jointly by the employee and the trustee of a new employee benefit trust established by New Look ('trustee').

The trustee has the right to the value of the share on the date of grant and the employee has the right to any future growth in the share value provided the hurdle is met. The hurdle is set at a growth rate of 5% a year. If the hurdle is not met then the trustee is entitled to the value of the share on the date of exercise.

The shares contain a Put option which entitles the employee to put their shares to Brait in line with the Put Option schedule with 20% vesting on the third anniversary, 25% vesting on the fourth anniversary, 25% vesting on the fifth anniversary and 30% vesting on the sixth anniversary. Upon exit all shares vest in full. The Put purchase price is equal to the value based on the Brait Published Rate (BPR) which is derived from Brait's quarterly investment value in the New Look Group.

The shares also contain a Share option which gives the employee the right to acquire the trustee's interest in the share for nil consideration. The Share option can only be exercised to the extent that the Put option has been exercised.

On leaving, the value of the shares is based on a four year straight-line vesting period from the date of grant. As a good leaver, employees will receive the BPR for vested shares and the lower of cost and BPR for unvested shares, whereas bad leavers receive the lower of cost and BPR on both vested and unvested shares.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

29. Share based payments (continued)

Joint Share Ownership Plan (JSOP) scheme (continued)

Details of the JSOP scheme shares outstanding during the period are as follows:

	<i>For the financial periods</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>Number of share options</i>	<i>Number of share options</i>
	<i>000s</i>	<i>000s</i>
Outstanding at the beginning of the period	2,000	3,000
Granted in the period	—	—
Forfeited in the period	(500)	(1,000)
Outstanding at the end of the period	1,500	2,000
Exercisable at the end of the period	—	—
Weighted average remaining contractual life (months)	17 months	37 months
Weighted average share price at the date of exercise (pence)	0.00	0.00
Weighted average exercise price (pence)	0.00	0.00
Market value at period end (pence)	0.00	0.00
Highest market value (pence)	0.00	0.00
Lowest market value (pence)	0.00	0.00

The Put option schedule outlined above was used as the vesting profile and exercise period as it is on this basis that employees are entitled to benefit from the market value of the shares if they remain in employment for sufficient time to exercise the Put option and the Share option.

The weighted average fair value of the shares granted under the JSOP scheme was calculated at the date of grant using the Black-Scholes option pricing model for both the Put option and the Share option. In December 2016, the exercise price of the June grant was modified to reflect the current share value, this resulted in a reduction in the fair value of the grant. The charge for the June grant continues to be recognised with reference to the original grant date fair value.

The following table lists the inputs to the model as at the dates of grant for all grants made during the periods ended 30 March 2019 and 24 March 2018:

Put option

Weighted average fair value (pence)	137.69
Weighted average share price (pence)	477.93
Exercise price (pence)	212.30 to 1,009.20
Expected volatility (%)	30.94 to 33.97
Expected life of option (years)	3.04 to 6.09
Dividend yield (%)	0.00
Risk-free interest rate (%)	0.24 to 1.09
Leaver rate	0.00%

Share option

Weighted average fair value (pence)	477.93
Weighted average share price (pence)	477.93
Exercise price (pence)	0.00
Expected volatility (%)	30.94 to 33.97
Expected life of option (years)	3.04 to 6.09
Dividend yield (%)	0.00
Risk-free interest rate (%)	0.24 to 1.09
Leaver rate	0.00%

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

29. Share based payments (continued)

Joint Share Ownership Plan (JSOP) scheme (continued)

Expected share price volatility is determined through the assessment of the historical volatility of a comparable group of companies over a period consistent with the expected life of the award. It is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on the Put option schedule as outlined above.

The resulting equity settled charge of £0.6 million (2018: £0.5 million) was recognised in the income statement for the period ended 30 March 2019.

Long Term Incentive Plan (LTIP)

In April 2016 a number of employees were granted an award under the LTIP. During the financial period ended 30 March 2019, the LTIP was cancelled due to a change in the proposed remuneration structure.

The LTIP award entitled the employee to accrue the specified award value, provided the set financial and personal performance related targets were achieved for the performance period. Performance periods were the same as the financial period and the financial and personal performance targets were set by the Remuneration Committee at the beginning of each performance period. Once fully vested the employee could exercise their award and receive the accrued award value. Upon exercise of the award, the Remuneration Committee would decide whether to settle the award with shares in Top Gun Bidco Limited or cash.

Two awards were made in April 2016, a 2 year award and a 3 year award. In April 2017, a 3 year award was granted.

Under the 2 year award, the award holder was entitled to receive between 33% and 67% of the award value over 2 years.

Under the 3 year awards, the award holder was entitled to receive between 50% and 100% of the award value over 3 years.

At the end of each performance period the financial and personal performance targets were evaluated and the amount of the award accrued was calculated on a pro-rata basis.

In the prior period, awards for subsequent periods were accrued across the vesting period, on the assumption that minimum targets were achieved. The amount of the award was accrued as a cash settled share based payment scheme, as it was believed the Remuneration Committee would chose this settlement method.

Due to the cancellation of the LTIP, the accrued awards were released during the period ended 30 March 2019, resulting in a credit to the income statement of £1.2 million. During the period ended 24 March 2018 a charge of £0.1 million was recognised in the income statement.

Effect on financial statements

The effect of accounting for share based payments, in accordance with IFRS 2, on the Group's loss (2018: loss) before taxation for the period is as follows:

	<i>For the financial periods</i>	
	<i>53 weeks ended 30 March 2019</i>	<i>52 weeks ended 24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Equity settled share based payment schemes	3.7	20.1
Cash settled share based payment schemes	(1.2)	0.1
Total share based payment charge	2.5	20.2

Following the restructuring transaction that completed on 3 May 2019, it is anticipated that Top Gun Bidco Limited will be placed into liquidation and the existing share schemes will be cancelled.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

30. Share capital

	Share capital £m	Share premium £m	Total £m
At 25 March 2017, 24 March 2018 and 30 March 2019	10.4	0.6	11.0

The A shares in the Company entitle holders to receive notice, attend and speak at general meetings but only confer a right to vote if no B shares are in issue. The shares also have a right to receive a dividend.

The B shares in the Company entitle holders to receive notice, attend, speak and vote at general meetings. The shares also have a right to receive a dividend.

The total number of allotted, called up and fully paid Ordinary A shares is 155.0 million (2018: 155.0 million) and the total number of allotted, called up and fully paid Ordinary B shares is 879.1 million (2018: 879.1 million) as at 30 March 2019. All shares have a par value of 1.0p.

31. Reconciliation of movements in reserves

	Reverse acquisition reserve £m	EBTs reserve £m	Hedging reserve £m	Translation reserve £m	Accumulated losses £m	Total £m
At 25 March 2017	(285.3)	11.3	13.4	13.4	(93.3)	(340.5)
Opening adjustment	—	—	—	—	(6.1)	(6.1)
At 25 March 2017 (restated)	(285.3)	11.3	13.4	13.4	(99.4)	(346.6)
Total comprehensive (expense)/income for the period	—	—	(28.2)	1.4	(223.8)	(250.6)
Share based payment charge	—	—	—	—	20.1	20.1
Dividends paid	—	—	—	—	(0.6)	(0.6)
At 24 March 2018 (restated)	(285.3)	11.3	(14.8)	14.8	(303.7)	(577.7)
Change in accounting standard – IFRS 15	—	—	—	—	1.4	1.4
At 24 March 2018 (restated)	(285.3)	11.3	(14.8)	14.8	(302.3)	(576.3)
Total comprehensive (expense)/income for the period	—	—	13.5	(1.6)	(552.7)	(540.8)
Share based payment charge	—	—	—	—	3.7	3.7
At 30 March 2019	(285.3)	11.3	(1.3)	13.2	(851.3)	(1,113.4)

Reverse acquisition reserve

The reverse acquisition reserve arose on the acquisition by New Look Retail Group Limited in 2006 of the former Trinitybrook Limited Group, as permitted by IFRS 3 Business Combinations and represents the amount paid by New Look Retail Group Limited to acquire the existing shareholdings in Trinitybrook Limited.

EBTs reserve

The EBTs reserve represents the gain made by the trusts on the transfer of shares to employees or disposal as part of the acquisition by Brait at a higher price than purchased.

Hedging reserve

The hedging reserve reflects the changes in fair value of effective hedging instruments on forward exchange contracts which are carried forward to match the maturity of the future cash flows.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

31. Reconciliation of movements in reserves (continued)

Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Opening adjustment

In February 2019 we identified a number of accounting irregularities related to the trade creditor control account. We immediately conducted an in depth investigation. This included engaging external advisors to support us in carrying out a thorough review into trade creditors related areas of the financial statements and associated accounting practices, which is now concluded.

Through this investigation it was identified that a number of improper journals were posted to the creditor control account over a number of years dating back as far as the period ended 30 March 2013 by a former employee. As part of our initial review, the postings into the trade creditor control and related accounts were grouped by similar characteristics to support a detailed analysis enabling us to form an understanding behind the postings, and therefore any correction required

The independent advisors, supported by the finance and IT teams, investigated the more complex postings through reviewing the underlying accounting entries and records for these transactions, email correspondence of key individuals, conducted meetings with various members of the finance team and reperformed supplier statement reconciliations.

A detailed review of these account postings did not identify material corrections in respect of the current or prior period. As a result, the FY18 opening accumulated loss reserves have been restated to reflect a £6.1 million correction, trade and other receivables have been restated from £92.1 million to £91.7 million to reflect a £0.4 million decrease and trade and other payables have been restated from £300.9 million to £306.6 million to reflect a £5.7 million increase. Net liabilities have been restated from £560.6 million to £566.7 million. The review concluded that no cash or assets were misappropriated and no customer, operator or supplier was impacted or disadvantaged.

Following the identification of this issue we commenced a thorough review of our financial controls and processes and put in place a number of improvements prior to the end of FY19. The evaluation of the current controls framework surrounding financial reporting remains ongoing with further enhancements to be implemented throughout FY20.

32. Retirement benefit schemes

The Group contributes to defined contribution pension schemes for employees in the UK, ROI and Poland. At 30 March 2019, £0.4 million (2018: £0.5 million) was outstanding in respect of contributions payable to personal pension schemes. The Group pension cost recognised in the income statement was £3.5 million (2018: £3.0 million).

In France, the Group operates an unfunded defined benefit arrangement in accordance with French legal requirements which consists of a single payment at the date of retirement. The scheme is uninsured and has no assets. An actuarial assessment was carried out as at 31 March 2019 by an independent actuary, using the projected unit method. The major assumptions were:

	<i>As at</i>
	<i>30 March 2019</i>
Rate of increase in salaries	2.0% – 2.5%
Discount rate	1.35%
Retirement age	62-64 years

These assumptions were applied in the period ended 30 March 2019. The pension liability at 30 March 2019 was £0.4 million (2018: £0.3 million). The pension cost recognised in the income statement was £0.1 million (2018: £nil). During the financial period ended 30 March 2019, £nil (2018: £nil) was recognised in other comprehensive income in relation to actuarial gains on post-employment benefit obligations.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

33. Related party transactions

Transactions with Directors, key management personnel and private equity investors

During the financial period ended 30 March 2019, no (2018: three) key management personnel sold an interest in preference shares of Top Gun Bidco Limited for a consideration of £nil (2018: £0.5 million).

Other transactions regarding Directors' and key management personnel share interests are disclosed in note 8.

As at 30 March 2019, New Look Retailers Limited held property leases with Inception Holdings Sarl and Inception (Reading) Sarl, respectively a subsidiary and a joint venture of Tradehold Limited, a company over which two Directors have significant influence. Charges of £0.3 million (2018: £0.4 million) have been recognised through the income statement in the current financial period for these leases.

As representatives of Brait, J Gnodde, C Seabrook and B Baisley have an indirect economic interest in the shares of the Company held by the Brait funds. During the financial period, a monitoring fee of £0.2 million (2018: £0.3 million) was payable to Brait.

On 10 May 2018, New Look Retailers Limited ('NLR') (a wholly owned subsidiary of New Look Retail Group Limited) and Brait Capital International Limited ('BCIL') entered into a Debtor Purchase Agreement ('Agreement'). The terms of the Agreement allow NLR to sell and assign approved debtor balances to BCIL with no recourse. A factoring charge of 3 month LIBOR plus 2.0% is payable by NLR. As at 30 March 2019, NLR had sold and assigned £78.7 million of invoices to BCIL, of which £14.4 million remains outstanding.

During the financial period ended 30 March 2019, the Group surrendered losses of £1.7 million for a consideration of £0.1 million to Lil-Lets (UK) Limited a UK company ultimately owned by Brait.

During the financial period ended 30 March 2019, Brait SE acquired £53.6 million of the Sterling senior secured notes and €30.2 million of the Euro senior secured notes (2018*: £80.4 million and €37.0 million respectively), both issued by New Look Secured Plc, in an open market purchase. Total interest accrued for the financial period ended 30 March 2019 was £10.3 million (2018*: £4.5 million) on the Sterling senior secured notes, of which £3.3 million (2018*: £1.9 million) is outstanding, and €2.9 million (2018*: €1.3 million) on the Euro senior secured notes, of which €0.9 million (2018*: €nil) is outstanding. As at 30 March 2019, Brait SE held £134.0 million of the Sterling senior secured notes and €67.2 million of the Euro senior secured notes (2018*: £80.4 million and €37.0 million respectively).

No other transactions that require disclosure under IAS 24 have occurred during the current financial period.

* Restated comparatives which were not included in the prior period financial statements

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

34. Investments in subsidiaries

All subsidiary companies in which New Look Retail Group Limited or its subsidiaries hold 100% of the ordinary shares and voting rights are listed below. These companies, all of which are private companies limited by shares, are consolidated into the financial results of the Group.

<i>Subsidiary</i>	<i>Nature</i>	<i>Registered address</i>
New Look Finance Holdings Limited ⁽¹⁾	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Finance Limited	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Senior Issuer plc	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Secured Issuer plc	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look FIN III Limited	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Finance II Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Bondco I Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Pedalgreen Limited ⁽¹⁾	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Trinitybrook Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Hamperwood Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Group Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers Limited	Trading	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry Properties Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry Holdings Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry PropCo 1 Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Overseas Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers (CI) Limited	Trading	1st & 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW
New Look Holdings (France) SAS	Holding	29 rue du Pont, CS 20070, 92578, Neuilly-sur-Seine Cedex France
	Trading	64 rue du Dessous des Berges, 11 rue Leredde, 75013 Paris, France
New Look France SAS		
New Look (Singapore) PTE Limited	Holding	80 Robinson Road, #02-00, Singapore 068898
New Look Retailers (Ireland) Limited	Trading	3 Burlington Road, Dublin 4, Republic of Ireland
New Look Germany GmbH	Dormant	Ulmenstraße 37-39, 60325 Frankfurt am Main, Germany
New Look Poland Sp. z o.o.	Trading	Ul. Piękna 18, 00-549 Warsaw, Poland
Cenzora Enterprises Limited	Holding	Chrisorrogiatissis & Kolokotroni Street, 3040, Limassol, Cyprus
New Look Commerce (Shanghai) Co., Limited	Dormant	Room 710, No. 150 Zun Yi Road, Office Tower C, The Place, Changning District, Shanghai, China
Weymouth Gateway Property Management Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ

(1) New Look Finance Holdings Limited and Pedalgreen Limited shareholding held directly whilst all others held indirectly through wholly owned subsidiaries.

During the period ended 30 March 2019, New Look Belgium SA filed for bankruptcy proceedings and, on 22 January 2019 an administrator was appointed. From this date, New Look Belgium SA ceased being a subsidiary of the Group.

During the financial period ended 24 March 2018, New Look Treasury Limited, Fashion Focus Limited, Customer Direct Limited, New Look Card Services Limited and Geometry Properties (Tonypandy) Limited, all of which were previously dormant, were liquidated as they were surplus to requirements. In addition, New Look Holland BV was liquidated as the Netherlands is no longer a strategic focus for the Group.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

35. Contingent liabilities

The Group has on occasion been required to take legal action to defend itself against proceedings brought by other parties. Provisions have been made for the expected costs associated with such matters, based on known factors and taking into account professional advice received which represent management's best estimate of the likely outcome. The timing of utilisation of these provisions is uncertain pending the outcome of various court proceedings, ongoing investigations and negotiations. However, no provision is made for proceedings which have been or might be brought by other parties unless management, taking into account professional advice received, assesses that it is more likely than not that such proceedings may be successful. Contingent liabilities associated with such proceedings have been identified but the Board are of the opinion that any associated claims that might be brought can be resisted successfully and therefore the possibility of any outflow in settlement is assessed as remote.

36. Events after the reporting period

Financial restructure

On 14 January 2019, New Look Retail Group Limited and its subsidiaries reached an agreement 'in principle' with certain of its key financial stakeholders in relation to the main terms of a debt for equity swap ('the transaction') aimed at deleveraging and strengthening the balance sheet. The following table shows the impact of the transaction on the Group's debt (sterling equivalent):

	As at 30 March 2019	As at 3 May 2019
	£m	£m
Notes	1,235.1	400.0
Revolving credit facility	100.0	100.0
Bridge facility	79.9	-

The main terms of the transaction were as follows:

Bridge facility

In order to strengthen the Group's short term liquidity profile and provide sufficient runway to enable the transaction to complete, £80.0 million of interim funding (the 'Bridge facility') was committed by the holders of the senior secured notes ('existing SSNs') issued by New Look Secured Issuer plc. The bridge facility was funded on 28 January 2019 in both Sterling and Euro, with the Euro loans fixed at the EURGBP rate on 22 January 2019 of 0.8815 (to ensure aggregate sterling equivalent of £80.0 million). Interest is payable at the prevailing floating rate of interest based on short term inter-bank rates (one month LIBOR and one month EURIBOR, with a 0% floor) plus a fixed margin of 12.0%. The final termination date was the earlier of 30 June 2019, or the completion date of the transaction. From the drawdown date, New Look Retailers Limited made fortnightly drawdowns from the loan funds into operational cash in line with the facility agreement, see note 26.

New money bonds

To further strengthen the Group's operating flexibility, £150.0 million of new money ('New Money Bonds' or 'NMB'), made up of two tranches, in Sterling and Euro (with Euro loans fixed at the EURGBP rate on 22 January 2019 of 0.8815), were issued on the closing date of the transaction. The NMB were used to repay the Bridge facility, settle associated transaction costs and provide additional liquidity to the Group. Interest on the NMB is payable 8.0% cash interest and 4.0% payment in kind ('PIK'). The cash interest may, in part or in full, be toggled to PIK at the Issuers election, with an incremental 2.0% PIK interest for the portion of interest which has been toggled. The NMB have a 5 year term from the date of closing of the transaction. Providers of the NMB will receive 72% of the equity of the Group post-transaction.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

36. Events after the reporting period (continued)

Financial restructure (continued)

Re-instated senior secured notes

The existing SSNs will be exchanged into £250.0 million of new senior secured notes ('re-instated SSNs'), made up of two tranches in Sterling and Euro (with Euro loans fixed at the EURGBP rate on 22 January 2019 of 0.8815). The underlying terms of re-instated SSNs are the same as the NMB. Holders of the existing SSNs will receive 20% of the equity of the Group post-transaction.

The NMB and re-instated senior secured notes are fungible and hence presented as £400.0 million equivalent of notes.

Group equity

Of the remaining Group equity post-transaction, 5.0% will be reserved for a Management Incentive Plan. Holders of the senior notes issued by New Look Senior Issuer plc will be entitled to 2.0% of the equity, in exchange for conversion of their senior notes, subject to a requisite majority of the Senior Noteholders agreeing to support the transaction. The remaining 1.0% of equity will be allocated to the current shareholders of New Look Retail Group Limited.

In order to complete the transaction and allow for the issuance of the NMB, re-instated SSNs and equity allocations, the following new companies were incorporated on 27 March 2019;

- New Look Retail Holdings Limited, incorporated in Jersey by Brait Mauritius Limited;
- New Look Investment Limited, incorporated in Jersey as a wholly owned subsidiary of New Look Retail Holdings Limited;
- New Look Bonds Limited, incorporated in Jersey as a wholly owned subsidiary of New Look Investment Limited; and
- New Look Financing plc, incorporated in the UK as a wholly owned subsidiary of New Look Bonds Limited.

On 3 May 2019 the transaction was completed as a result of the following steps;

- New Look Bonds Limited acquired New Look Limited and its subsidiaries¹ (the assets and liabilities acquired at book value) from New Look Finance Limited;
- £150.0 million NMBs were issued by New Look Financing plc;
- £150.0 million NMBs proceeds were on-lent to New Look Retailers Limited, who in turn used the funds to repay the £80.0 million Bridge facility and settle transaction costs with the residual cash being utilised operationally;
- £250.0 million re-instated SSNs were issued by New Look Financing plc;
- £250.0 million re-instated SSNs were on-lent to New Look Limited, who in turn used the funds to discharge the guarantee demanded against it and its subsidiaries in respect of the existing SSNs; and
- Equity in New Look Retail Holdings Limited was allocated.

As a result of the above, on 3 May 2019, New Look Retail Group Limited is no longer the ultimate parent company of New Look Limited and its subsidiaries. The consolidated New Look group will trade as New Look Retail Holdings Limited going forward.

On 3 May 2019, New Look Finance Limited was placed into liquidation.

¹ Subsidiaries of New Look Limited include, New Look Retailers Limited, New Look Retailers (Ireland) Limited, New Look Retailers (CI) Limited, New Look Commerce (Shanghai) Co., Limited, New Look Singapore PTE Limited, New Look Germany GmbH, Geometry Properties Limited, Weymouth Gateway Property Management Limited, Geometry Holdings Limited and Geometry PropCo 1 Limited.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

37. Ultimate controlling party

The ultimate controlling party is Brait which holds approximately 80% of the issued share capital of Top Gun Bidco Limited, which is a holding company registered in Jersey. Top Gun Midco Limited holds 100% of the issued share capital of New Look Retail Group Limited. The smallest group of undertakings to include these financial statements in their consolidation is New Look Retail Group Limited and the largest is Top Gun Bidco Limited.

Copies of the financial statements can be obtained from New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ. The financial statements of Top Gun Bidco Limited are not publicly available.

Report on the audit of the company financial statements

Opinion

In our opinion, New Look Retail Group Limited's Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 March 2019;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 30 March 2019; the statement of changes in equity for the 53 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - company financial statements prepared on a basis other than going concern

In forming our opinion on the Company financial statements, which is not modified, we draw attention to note 2.1 to the Company financial statements which describes the Directors' reasons why the Company financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors Responsibilities set out on page 29, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the Group financial statements of New Look Retail Group Limited for the 53 week period ended 30 March 2019. That report includes an emphasis of matter.



Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
21 June 2019

NEW LOOK RETAIL GROUP LIMITED

COMPANY BALANCE SHEET

	Note	As at	
		30 March 2019 £m	24 March 2018 £m
Non-current assets			
Investments in subsidiaries	7	-	736.9
		-	736.9
Current assets			
Investments in subsidiaries	7	-	-
Other receivables	8	-	0.7
Cash and cash equivalents	5	10.9	12.0
		10.9	12.7
Total assets		10.9	749.6
Current liabilities			
Other payables	9	(41.2)	(40.1)
Total liabilities		(41.2)	(40.1)
Net (liabilities)/assets		(30.3)	709.5
Equity			
Share capital	11	10.4	10.4
Share premium		0.6	0.6
EBT reserve	12	11.3	11.3
Accumulated profits – opening balance		687.2	785.0
Loss for the financial period		(739.8)	(97.2)
Dividends paid	6	-	(0.6)
Accumulated (losses)/profits – closing balance		(52.6)	687.2
Total equity		(30.3)	709.5

The notes on pages 114 to 122 are an integral part of these financial statements.

The financial statements on pages 112 to 122 were approved by the Board of Directors on 21 June 2019 and were signed on its behalf by:



Alistair McGeorge

Executive Chairman

New Look Retail Group Limited

Registration number: 05810406

NEW LOOK RETAIL GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

		Attributable to the owners of New Look Retail Group Limited				Total equity £m
		Share capital £m	Share premium £m	EBT reserve £m	Accumulated profits/(losses) £m	
	Note					
Balance at 25 March 2017		10.4	0.6	11.3	785.0	807.3
Comprehensive expense						
Loss for the financial period		-	-	-	(97.2)	(97.2)
Total comprehensive expense		-	-	-	(97.2)	(97.2)
Transactions with owners:						
Dividends paid	6	-	-	-	(0.6)	(0.6)
Total transactions with owners		-	-	-	(0.6)	(0.6)
Balance at 24 March 2018		10.4	0.6	11.3	687.2	709.5
Comprehensive expense						
Loss for the financial period		-	-	-	(739.8)	(739.8)
Total comprehensive expense		-	-	-	(739.8)	(739.8)
Transactions with owners:						
Dividends paid	6	-	-	-	-	-
Total transactions with owners		-	-	-	-	-
Balance at 30 March 2019		10.4	0.6	11.3	(52.6)	(30.3)

The notes on pages 114 to 122 are an integral part of these financial statements.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Authorisation of financial statements

The financial statements of New Look Retail Group Limited for the 53 weeks ended 30 March 2019 were authorised for issue by the Board of Directors on 21 June 2019 and the balance sheet was signed on the Board's behalf by Alistair McGeorge.

New Look Retail Group Limited, a private limited company, is incorporated and domiciled in England and Wales and is an intermediate parent company whose registered office is New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ. The results of the Company are included in the consolidated financial statements of New Look Retail Group Limited (the 'Group') which are available from New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ. The registered number of the Company is 05810406.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Company financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The Directors do not consider the going concern basis of preparation to be appropriate, see note 2.1.1. The financial statements of the Company, for the financial period ended 30 March 2019, have been prepared on a basis other than going concern, under the historical cost convention and in accordance with the Companies Act 2006. A basis other than going concern adjusts the financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities. An adjustment was required to reclassify investments held as non-current assets to current assets within the financial statements, no other adjustments were necessary. The comparative financial information was prepared on a going concern basis. The Company has prepared these financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The financial statements for the period ended 30 March 2019 have been prepared on a basis other than going concern, under the historical cost convention and in accordance with Companies Act 2006. The Company has taken advantage of the following disclosure exemptions from the requirements of International Financial Reporting Standards (IFRS) in accordance with FRS 101.

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of 'International Accounting Standard 1, Presentation of financial statements' (IAS1) comparative information requirements in respect of paragraph 79(a)(iv) of IAS1
- The following paragraphs of IAS1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows)
 - 16 (statement of compliance with all IFRS)
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B-D (additional comparative information)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures (key management compensation)
- The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

The Company has taken advantage of the legal dispensation contained in section 408 of the Companies Act 2006 allowing it not to publish a separate profit and loss account and related notes.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The financial statements are prepared in Pound Sterling and all values are rounded to the nearest 0.1 million pounds.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.1 Going concern

In assessing the Company's going concern status the Directors have concluded that it is not appropriate to adopt the principles of going concern and therefore the accounts have been prepared on a basis other than going concern.

As a result of the restructuring transaction, see note 14 for further details, New Look Retail Group Limited is no longer the ultimate parent of New Look Limited and its subsidiaries, which together cover the ownership of the New Look brand and trading activities of the core business being, UK and ROI Retail, e-commerce, third party e-commerce and franchise.

New Look Retail Group Limited will remain the ultimate parent of the International operations of the New Look group covering France and Poland, however as noted on pages 6, the exit of these markets is expected during the next financial period.

As a result of the above, it is the Directors intention to wind up the Company within 12 months from the signing of these financial statements as a consequence of the restructuring transaction.

2.2 Changes in accounting policy and disclosures

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 30 March 2019, have had a material impact on the Company.

2.3 Investments

Investments are stated at historical cost less provisions for impairment. The need for any investment impairment write down is assessed by comparing the carrying value of the asset against the higher of its fair value less costs to dispose or its value in use. A review of investments is performed at the end of the first full period following acquisition and in other periods if there is an indication of impairment.

2.4 Taxation

Corporation tax payable is provided on taxable profits at the current rate, relevant to the financial period.

2.5 Non-derivative financial assets and liabilities

Non-derivative financial assets and liabilities are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

2.6 Share capital

Ordinary share capital is classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2.7 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends are only declared when the Directors are satisfied that the Company has sufficient distributable reserves to do so.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

3. Critical accounting estimates, judgements and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are not considered to be any judgements applied within the Company that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period. The estimates and assumptions that have a significant risk of causing a material adjustment are discussed below:

Significant estimates and assumptions

(a) Estimated impairment of investments in subsidiaries

The Company tests whether investments have suffered any impairment in accordance with the accounting policy stated in note 2.3. The recoverable amounts of cash-generating units (CGUs) have been determined based on the higher of value in use or fair value less cost to sell.

4. Result of the Company

Audit fees of £5,000 (2018: £5,000) are borne by another Group company. The aggregate remuneration paid to the auditors in relation to services received by the Group is disclosed in the Group consolidated financial statements in note 7.

New Look Retail Group Limited had no employees during the period (2018: none).

Directors' remuneration is borne by another Group company. Details of Directors' remuneration are disclosed in note 8b to the Group consolidated financial statements.

5. Cash and cash equivalents

Cash and cash equivalents comprises £10.9 million (2018: £12.0 million) held by the EBTs which is restricted and can only be utilised for the benefit of employees.

6. Dividends

No dividends have been paid or proposed during the period ended 30 March 2019.

For the period ended 24 March 2018	£m
20 July 2017	0.1
21 November 2017	0.5
	0.6

All dividends declared and paid were intra-group dividends paid to the parent entity, Top Gun Midco Limited, to enable its parent entity, Top Gun Bidco Limited, to pay certain parent expenses in connection with the Brait acquisition or to repurchase shares from management.

Up to the date of signing the financial statements, the Directors did not propose a dividend in respect of the financial period ended 30 March 2019.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

7. Investments in subsidiaries

	<i>£m</i>
Cost	
As at 24 March 2018 and 30 March 2019	834.2
Provision for impairment	
As at 24 March 2018	(97.3)
Impairment	(736.9)
As at 30 March 2019	(834.2)
Net book value	
As at 30 March 2019	-
As at 24 March 2018	736.9

Investments represent holdings in subsidiary undertakings.

During the financial period ended 30 March 2019, the Company fully impaired its investment in New Look Finance Holdings Limited as the Directors do not consider the investment to be recoverable. This is as a result of the restructuring transaction which involves the core trading group being purchased by a newly incorporated company and the remainder of the existing Group ceasing to exist.

During the period ended 30 March 2019, an adjustment was required to reclassify investments held as fixed assets to current assets due to the financial statements being prepared on a basis other than going concern.

All subsidiary companies in which the Company or its subsidiaries hold 100% of the ordinary shares and voting rights are listed below. These companies, all of which are private companies limited by shares, are consolidated into the financial results of the Group.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

7. Investments in subsidiaries (continued)

<i>Subsidiary</i>	<i>Nature</i>	<i>Registered address</i>
New Look Finance Holdings Limited ⁽¹⁾	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Finance Limited	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Senior Issuer plc	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Secured Issuer plc	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look FIN III Limited	Financing	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Finance II Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Bondco I Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Pedalgreen Limited ⁽¹⁾	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Trinitybrook Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Hamperwood Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Group Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers Limited	Trading	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry Properties Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry Holdings Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry PropCo 1 Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Overseas Limited	Holding	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers (CI) Limited	Trading	1st & 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW
New Look Holdings (France) SAS	Holding	29 rue du Pont, CS 20070, 92578, Neuilly-sur-Seine Cedex France
New Look France SAS	Trading	64 rue du Dessous des Berges, 11 rue Leredde, 75013 Paris, France
New Look (Singapore) PTE Limited	Holding	80 Robinson Road, #02-00, Singapore 068898
New Look Retailers (Ireland) Limited	Trading	3 Burlington Road, Dublin 4, Republic of Ireland
New Look Germany GmbH	Dormant	Ulmenstraße 37-39, 60325 Frankfurt am Main, Germany
New Look Poland Sp. z o.o.	Trading	Ul. Piękna 18, 00-549 Warsaw, Poland
Cenzora Enterprises Limited	Holding	Chrisorrogiatissis & Kolokotroni Street, 3040, Limassol, Cyprus
New Look Commerce (Shanghai) Co., Limited	Dormant	Room 710, No. 150 Zun Yi Road, Office Tower C, The Place, Changning District, Shanghai, China
Weymouth Gateway Property Management Limited	Dormant	Mercery Road, Weymouth, Dorset, England DT3 5HJ

⁽¹⁾ New Look Finance Holdings Limited and Pedalgreen Limited shareholding held directly whilst all others held indirectly through wholly owned subsidiaries.

During the period ended 30 March 2019, New Look Belgium SA filed for bankruptcy proceedings and on 22 January 2019 an administrator was appointed. From this date, New Look Belgium SA ceased being a subsidiary of the Group.

During the financial period ended 24 March 2018, New Look Treasury Limited, Fashion Focus Limited, Customer Direct Limited, New Look Card Services Limited and Geometry Properties (Tonypandy) Limited, all of which were previously dormant, were liquidated as they were surplus to requirements. In addition, New Look Holland BV was liquidated as the Netherlands is no longer a strategic focus for the Group.

8. Other receivables

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Current		
Amounts owed by Group undertakings	-	0.7

During the period ended 30 March 2019, the Company recognised a loss allowance provision of £0.7 million (2018: £nil) against a receivable balance due from another Group company, New Look Finance Limited, as the Directors do not believe this amount to be recoverable.

Amounts owed by Group undertakings are interest free, unsecured and repayable on demand.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

9. Other payables

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Current		
Amounts owed to Group undertakings	40.7	40.1
Accruals	0.5	-
	41.2	40.1

Amounts owed to Group undertakings are interest free, unsecured and repayable on demand.

10. Financial commitments

The Company had no capital commitments at 30 March 2019 (2018: none).

11. Share capital

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Allotted, called up and fully paid:		
155,000,000 Ordinary A shares of 1p each (2018: 155,000,000)	1.6	1.6
879,126,079 Ordinary B shares of 1p each (2018: 879,126,079)	8.8	8.8
	10.4	10.4

The A shares in the Company entitle holders to receive notice, attend and speak at general meetings but only confer a right to vote if no B shares are in issue. The shares also have a right to receive a dividend.

The B shares in the Company entitle holders to receive notice, attend and speak at general meetings. The shares also have a right to receive a dividend.

12. EBT reserve

The EBTs have an independent professional trustee resident in Guernsey and provide for the issue of shares to Group employees, at the discretion of the Trustee.

The initial consideration paid for ordinary shares in the Company held by the EBTs was shown as a deduction in capital and reserves as treasury shares.

The EBT reserve represents the gain made by the trust on the transfer of shares to employees or disposal as part of the acquisition by Brait at a higher price than purchased.

	<i>As at</i>	
	<i>30 March 2019</i>	<i>24 March 2018</i>
	<i>£m</i>	<i>£m</i>
Opening and closing EBT reserve	11.3	11.3

13. Related party transactions

The Directors of the Company had no material transactions with the Company during the period, other than those disclosed in note 33 of the Group consolidated financial statements.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

14. Events after the reporting period

Financial restructure

On 14 January 2019, New Look Retail Group Limited and its subsidiaries reached an agreement ‘in principle’ with certain of its key financial stakeholders in relation to the main terms of a debt for equity swap (‘the transaction’) aimed at deleveraging and strengthening the balance sheet.

The following table shows the impact of the transaction on the Group’s debt (sterling equivalent):

	As at 30 March 2019	As at 3 May 2019
	£m	£m
Notes	1,235.1	400.0
Revolving credit facility	100.0	100.0
Bridge facility	79.9	-

The main terms of the transaction were as follows:

Bridge facility

In order to strengthen the Group’s short term liquidity profile and provide sufficient runway to enable the transaction to complete, £80.0 million of interim funding (the ‘Bridge facility’) was committed by the holders of the senior secured notes (‘existing SSNs’) issued by New Look Secured Issuer plc. The bridge facility was funded on 28 January 2019 in both Sterling and Euro, with the Euro loans fixed at the EURGBP rate on 22 January 2019 of 0.8815 (to ensure aggregate sterling equivalent of £80.0 million). Interest is payable at the prevailing floating rate of interest based on short term inter-bank rates (one month LIBOR and one month EURIBOR, with a 0% floor) plus a fixed margin of 12.0%. The final termination date was the earlier of 30 June 2019, or the completion date of the transaction. From the drawdown date, New Look Retailers Limited made fortnightly drawdowns from the loan funds into operational cash in line with the facility agreement, see note 26 of the Group consolidate financial statements.

New money bonds

To further strengthen the Group’s operating flexibility, £150.0 million of new money (‘New Money Bonds’ or ‘NMB’), made up of two tranches, in Sterling and Euro (with Euro loans fixed at the EURGBP rate on 22 January 2019 of 0.8815), were issued on the closing date of the transaction. The NMB were used to repay the Bridge facility, settle associated transaction costs and provide additional liquidity to the Group. Interest on the NMB is payable 8.0% cash interest and 4.0% payment in kind (‘PIK’). The cash interest may, in part or in full, be toggled to PIK at the Issuers election, with an incremental 2.0% PIK interest for the portion of interest which has been toggled. The NMB have a 5 year term from the date of closing of the transaction. Providers of the NMB will receive 72% of the equity of the Group post-transaction.

Re-instated senior secured notes

The existing SSNs will be exchanged into £250.0 million of new senior secured notes (‘re-instated SSNs’), made up of two tranches in Sterling and Euro (with Euro loans fixed at the EURGBP rate on 22 January 2019 of 0.8815). The underlying terms of re-instated SSNs are the same as the NMB. Holders of the existing SSNs will receive 20% of the equity of the Group post-transaction.

The NMB and re-instated senior secured notes are fungible and hence presented as £400.0 million equivalent of notes.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

14. Events after the reporting period (continued)

Financial restructure (continued)

Group equity

Of the remaining Group equity post-transaction, 5.0% will be reserved for a Management Incentive Plan. Holders of the senior notes issued by New Look Senior Issuer plc will be entitled to 2.0% of the equity, in exchange for conversion of their senior notes, subject to a requisite majority of the Senior Noteholders agreeing to support the transaction. The remaining 1.0% of equity will be allocated to the current shareholders of New Look Retail Group Limited.

In order to complete the transaction and allow for the issuance of the NMB, re-instated SSNs and equity allocations, the following new companies were incorporated on 27 March 2019;

- New Look Retail Holdings Limited, incorporated in Jersey by Brait Mauritius Limited;
- New Look Investment Limited, incorporated in Jersey as a wholly owned subsidiary of New Look Retail Holdings Limited;
- New Look Bonds Limited, incorporated in Jersey as a wholly owned subsidiary of New Look Investment Limited; and
- New Look Financing plc, incorporated in the UK as a wholly owned subsidiary of New Look Bonds Limited.

On 3 May 2019 the transaction was completed as a result of the following steps;

- New Look Bonds Limited acquired New Look Limited and its subsidiaries¹ (the assets and liabilities were acquired at book value) from New Look Finance Limited;
- £150.0 million NMBs were issued by New Look Financing plc;
- £150.0 million NMBs proceeds were on-lent to New Look Retailers Limited, who in turn used the funds to repay the £80.0 million Bridge facility and settle transaction costs with the residual cash being utilised operationally;
- £250.0 million re-instated SSNs were issued by New Look Financing plc;
- £250.0 million re-instated SSNs were on-lent to New Look Limited, who in turn used the funds to discharge the guarantee demanded against it and its subsidiaries in respect of the existing SSNs; and
- Equity in New Look Retail Holdings Limited is allocated.

As a result of the above, on 3 May 2019, New Look Retail Group Limited is no longer the ultimate parent company of New Look Limited and its subsidiaries. The consolidated New Look group will trade as New Look Retail Holdings Limited going forward.

On 3 May 2019, New Look Finance Limited was placed into liquidation.

¹ Subsidiaries of New Look Limited include, New Look Retailers Limited, New Look Retailers (Ireland) Limited, New Look Retailers (CI) Limited, New Look Commerce (Shanghai) Co., Limited, New Look Singapore PTE Limited, New Look Germany GmbH, Geometry Properties Limited, Weymouth Gateway Property Management Limited, Geometry Holdings Limited and Geometry PropCo 1 Limited.

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

15. Ultimate controlling party

The ultimate controlling party is Brait which holds approximately 80% of the issued share capital of Top Gun Bidco Limited, which is a holding company registered in Jersey. Top Gun Midco Limited holds 100% of the issued share capital of the Company. The smallest group of undertakings to include these financial statements in their consolidation is New Look Retail Group Limited and the largest is Top Gun Bidco Limited.

Copies of the financial statements can be obtained from New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ. The financial statements of Top Gun Bidco Limited are not publicly available.