



NEW LOOK

NEW LOOK RETAILERS LIMITED 01618428

**A N N U A L
R E P O R T**

2018/2019



COMPANY OVERVIEW

New Look is a leading fast-fashion multichannel retailer in the UK with an online business covering key international markets

At the end of March 2019 we traded from 489 UK stores

Total revenue declined 3.9%

Gross margin increased to 43.0% (2018: 42.0%)

Underlying operating profit¹ £30,814,000
(2018: £45,312,000 loss)

Adjusted EBITDA² was £76,934,000 (2018: £6,962,000),
driven by profitable e-commerce sales strategy and significant
cost savings identified as part of the turnaround plan

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

Full details of the Company's Key Performance Indicators can be found on page 10.

1 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 36.

2 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 36.

We are No. 2 for overall Womenswear market share in the 18 to 44 age range³

We are No. 1 for overall Womenswear market share in the 18 to 34 age range³

Successfully completed Group balance sheet restructuring on 3 May 2019. A materially deleveraged balance sheet and lower overall interest provides financial strength to better attack our future amid challenging market conditions

Operating loss increased to £285,188,000 (2018: £256,492,000) as a result of impairment of intercompany receivables following the approval of the balance sheet restructuring

³ Based on Kantar Worldpanel published data 52 weeks ended 10 March 2019 (Womenswear by value).



PRINCIPAL ACTIVITIES

The Directors present their strategic report on New Look Retailers Limited ("the Company") for the 53 weeks ended 30 March 2019 (comparatives for the 52 weeks ended 24 March 2018).

The principal activity of the Company is the retailing of clothing, footwear and accessories under the 'New Look' brand through stores in the United Kingdom ("UK") and the Isle of Man, online, through 3rd party e-commerce ("3PE") and through franchise

partners across Europe and North Africa. The Company is consolidated within the New Look Retail Group (New Look Retail Group Limited and its subsidiaries, together "the Group").

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 Group 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 Company Voluntary Arrangement ("CVA") and the ongoing uncertainty related to Brexit. As this is usually the most cash generative quarter it was necessary to accelerate plans to address the Group capital structure and liquidity position.

On 14 January 2019 the Group 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 Group balance sheet.

The Group received overwhelming support from its 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 Company'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 28);
- Issuance of £150.0 million New Money Bonds;
- Existing long-term Group 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;
 - 72% to the providers of the New Money Bonds;
 - 20% to Existing Senior Secured Noteholders;
 - 2% to Existing Senior Noteholders;
 - 1% to Existing Shareholders; and
 - 5% for management incentive plans.

On 3 May, 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.

See notes 9 and 10 for details of the costs incurred as part of this transaction and see note 28 for further details of the restructuring transaction.

Return to proven broad appeal product and value led pricing

We are returning to the compelling proposition of value-led fast-fashion and wardrobe basics for which we have 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, +3.4% 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 range², only 0.1% pts behind the leader and our number 1 position in the 18 to 34 age range². According to the British Retail Consortium (BRC) we have also outperformed the UK market for core women's clothing in stores by 4.5% pts³.

A cohesive multichannel model

We are well on the way to achieving 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 focusing on profitable sales. Underlying operating profit for e-commerce has improved 78.0% to £21,198,000 (FY18: £11,907,000).

¹ Subsidiaries of New Look Limited include, New Look Retailers Limited, New Look Retailers (Ireland) Limited, New Look Retailers (Channel Islands) 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.

² Based on Kantar Worldpanel published data for the 52 weeks ended 10 March 2019.

³ Measured by British Retail Consortium published YTD data for the 53 weeks ended 30 March 2019 for Women's Clothing.



A fundamentally realigned supply chain

We have 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.

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 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 the Group also concluded the review of the International businesses, including wholly owned subsidiary China.

On 18 October 2018, the Group announced 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 office in Shanghai.

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, 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 and online through our transactional websites and mobile apps. 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 489 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.

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.



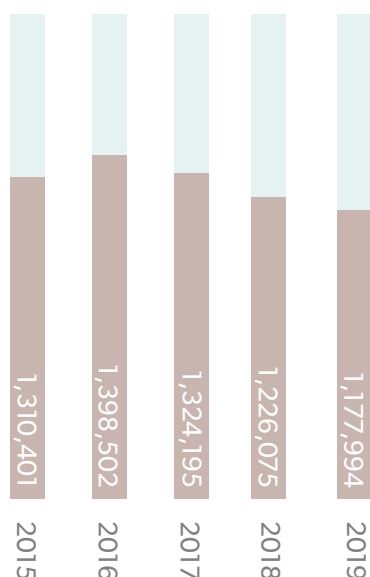
FINANCIAL REVIEW

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 Company and 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 note 28.

TOTAL REVENUE (£'000)



Revenue

Total revenue decreased by £48,081,000 to £1,177,994,000 (2018: £1,226,075,000) driven by the 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 retail sales decreased £14,480,000, -1.5%, to £936,641,000 (2018: £951,121,000). 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 these periods, in particular during November and December following unprecedented declines in footfall. At the end of the year a net 102 stores had closed in the UK, primarily as a result of the CVA, impacting year on year performance.

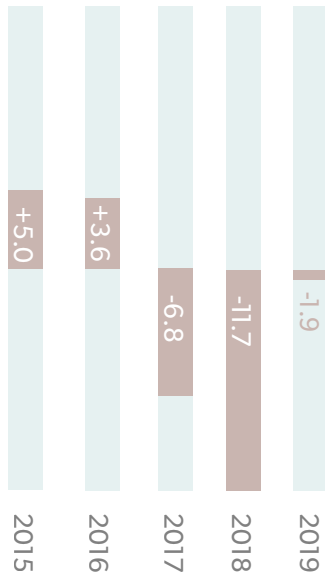
E-commerce sales decreased by £13,442,000, -7.2%, to £172,332,000 (2018: £185,774,000). Traffic declined year on year, most significantly during the first half following the decision to focus on profitable sales and move away from extensive marketing of discounted product, which had started

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 by £7,988,000, 11.0%, to £80,922,000 (2018: £72,934,000). 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 £25,741,000, 79.3%, to £6,715,000 (2018: £32,456,000). 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.

LFL SALES (%)

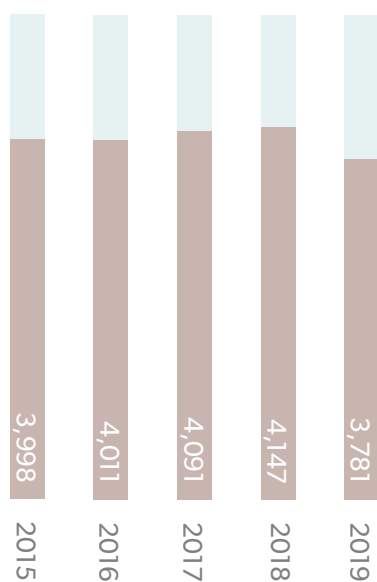


LFL Sales

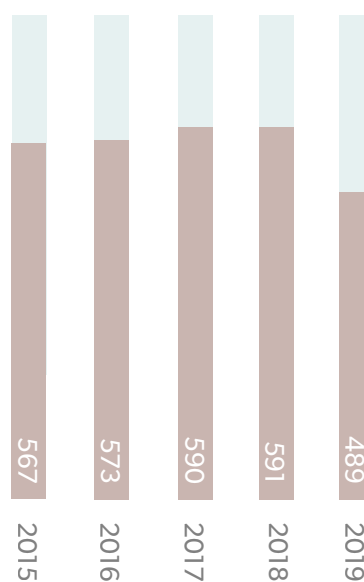
LFL sales declined -1.9% (2018: -11.7%), driven by the annualisation of the strategic changes made within e-commerce and challenging conditions across all segments. LFL sales during the second half of the year were flat, with the challenging footfall in UK Retail more than offset by the improvements made in e-commerce.

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.

SPACE ('000 SQ FT)



TOTAL STORES



Stores and Space

Total number of owned stores decreased to 489 (2018: 591), with total space reducing by 8.8% to 3,781,000 sq ft (2018: 4,147,000 sq ft).

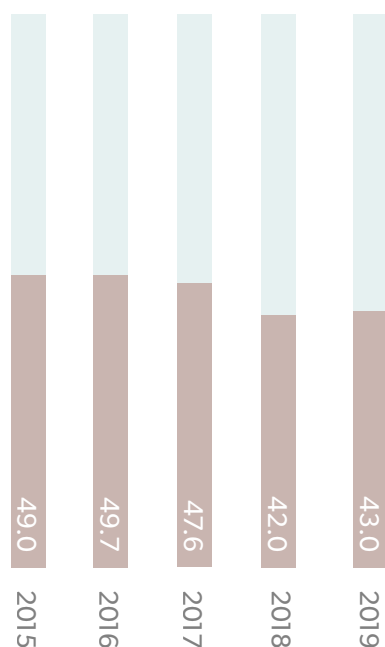
During the year 106 stores closed, primarily as a result of the CVA and we opened 4 stores. We continue to look for opportunities to re-enter desirable markets that we have exited due to these enforced exits and remain in a flexible position to exercise our right to terminate leases on our B stores¹ if necessary.

Despite the closures, we believe the extensive geographic reach of our remaining estate continues to give us a competitive advantage. Accounting for 78.3% of our total sales, our physical stores remain the primary customer touch-point within our multichannel model. Our investment strategy will continue to exploit this competitive advantage.

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

¹ B stores are those stores which the Company 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.

GROSS MARGIN (%)



Gross Margin

During the first quarter of the year we took a more promotional stance in store to drive 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 £8,351,000 to £506,243,000 (2018: £514,594,000), with the resulting gross margin growing to 43.0% (2018: 42.0%).

Operating Loss

Operating loss increased £28,696,000 to £285,188,000 from £256,492,000. During the year administrative costs decreased 21.0% to £504,253,000 (2018: £638,505,000). Impairment of intercompany receivables increased £154,597,000 to £287,178,000 (2018: £132,581,000).

Our operational exceptional items increased by £128,301,000 to £307,473,000 (2018: £179,172,000) largely due to impairments to intercompany receivables due to doubts over the recoverability of the debts as a result of the International review and transaction, see note 16. Further exceptional costs have been incurred in relation to the exit of the Group from unprofitable international businesses. The Company is liable for a number of contracts involving these international businesses and as such has booked provisions to recognise this. See note 10 for details.

The charge for impairment losses for property, plant and equipment and intangible assets decreased by £9,108,000 to £2,676,000 (2018: £11,784,000). 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 correct carrying value. As a result of this review in the prior year, the carrying value 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. See notes 12 and 13 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 £17,682,000 to £2,531,000 (2018: £20,213,000) 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 £333,000 (2018: £2,266,000) as a result of movements in foreign exchange rates.

The charge in relation to the movement in onerous lease provisions increased £5,244,000 to £2,989,000 (2018: £2,255,000 credit), due to the poor performance of a select number of large stores. See note 20 for further details.

Adjusting for the above, underlying administrative costs decreased by £84,477,000 to £475,429,000 (2018: £559,906,000).

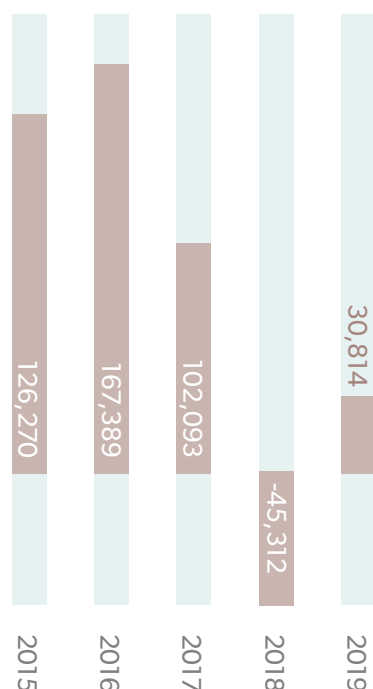
Staff costs (excluding exceptional staff costs and share based payment expense) decreased by £2,985,000, primarily due to the reduction in the number of stores as a result of the CVA. We have also benefited from a more flexible operating model in stores, allowing cost saving during the year.

Estate costs (including rent, service charges, rates, utilities and repair costs) decreased by £56,331,000 primarily as a result of the rent reductions obtained through the CVA and the closure of stores in the year, partly offset by increases driven by new store annualisation.

Marketing costs decreased by £9,825,000 as a result of our cost saving initiatives which focused our marketing spend on more efficient investment in both Brand and Digital.

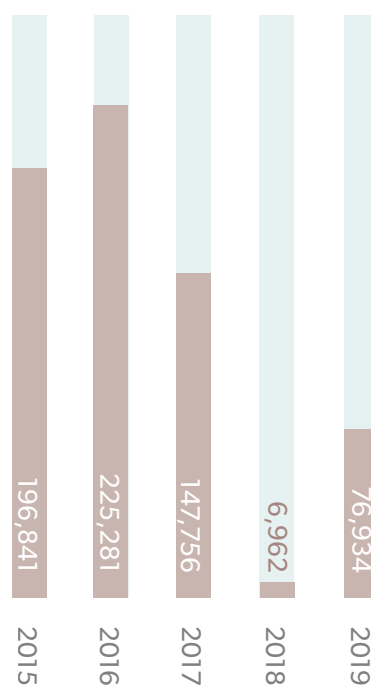
Depreciation and amortisation decreased £5,279,000 as a result of the reduced investment across the Company and the impairment assessment performed in the prior year which reduced the carrying value of assets held at store level to their recoverable amounts.

Total costs savings of £45.4 million were achieved in the year. Cost savings and driving efficiencies continues to be a key focus for the Company through exploiting technology and simplification of the Company's processes and systems to achieve this.

**UNDERLYING OPERATING
PROFIT/(LOSS) (£'000)****Underlying Operating Profit/(Loss)**

In addition to the information required by IFRS and to assist with the understanding of earnings trends, the Company 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 Company 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 movement in the onerous lease provision. A reconciliation of operating loss to UOP can be found on page 36.

UOP increased by £76,126,000 to a £30,814,000 million profit (2018: £45,312,000 loss) as a result of the cost savings achieved during the year and the return to broad appeal product and the improved profitability of the e-commerce business following the change in strategy.

ADJUSTED EBITDA (£'000)**Adjusted EBITDA**

In addition to UOP and to further assist with the understanding of earnings trends, the Company 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 Company, 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 36.

Adjusted EBITDA increased by £69,972,000 to £76,934,000 (2018: £6,962,000). This was driven by the cost 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 £11,176,000 (2018: £632,000), an increase of £10,544,000.

This increase reflects the increase in interest expense due on the new bridge facility and associated costs (see note 9).

As a result of all of the above, pre-tax losses increased £39,354,000 to £296,364,000 (2018: £257,010,000).

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 Company would have been:

	FY19	FY18
	£'000	£'000
Revenue	1,161,600	1,226,075
Gross margin	43.0%	42.0%
Operating loss	(285,796)	(256,492)
Underlying operating profit/(loss)	30,206	(45,312)
Adjusted EBITDA	76,326	6,962

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 reperfomed supplier statement reconciliations.

A detailed review of the account postings did not identify any material corrections in respect of the current or prior period. As a result, FY18 accumulated profit reserves have been restated to reflect a £6,088,000 correction, trade and other receivables have been restated to reflect a £336,000 decrease and trade and other payables have been restated to reflect a £5,752,000 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.

Property, Plant and Equipment

The net book value of property, plant and equipment decreased £24,793,000 to £56,327,000 (2018: £81,120,000). Depreciation significantly exceeded additions due to reduced investment in the year resulting in a net decrease in the carrying value. See note 13 for further details.

Trade and Other Receivables

Trade and other receivables decreased £249,962,000 to £49,808,000 (2018 restated: £299,770,000) driven by a £226,771,000 decrease in amounts owed by Group undertakings. As a result of poor trading performance in other Group companies and the planned Group restructure following the debt for equity transaction, the Company recognised an impairment charge of £287,178,000 as these amounts are not considered to be recoverable. Trade receivables decreased £13,949,000 as a result of the debt factoring arrangement as detailed in note 2.11. See notes 16 and 26 for further details.

Trade and Other Payables

Trade and other payables increased to £392,085,000 (2018 restated: £376,674,000) predominantly due to a £53,610,000 increase in amounts owed to Group undertakings driven by the novation of the RCF offset by a £13,394,000 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 increased £8,220,000 to £12,391,000 (2018: £4,171,000). Provisions have been recognised in relation to the exit of international businesses following the strategic review on contracts for which the Company is liable. See note 20 for further details.

Derivative Financial Instruments

Net derivative financial instruments decreased from a £19,180,000 liability to a £3,168,000 liability. This is due to strengthening of the USD and forward contracts maturing during the year. We have fewer forward contracts which are less 'out of the money' compared to last year, see note 19 for further details.



Borrowings

In 2019, borrowings increased by £1,275,000 to £101,275,000 (2018: £100,000,000).

During the year, the fully drawn £100,000,000 Revolving Credit Facility was novated to another Group company. This has been offset by the Company fully drawing down its available bank overdraft and securing short term financing in the form of a bridging loan with sterling equivalent of £80,000,000. There is a premium of £10,000,000 on the bridge facility in addition to the floating rate interest which has accreted under the effective interest rate method.

Additionally, our core operational bank continues to provide £100,000,000 of Operating (liquidity, trade and import) facilities on a committed basis (pari passu with the RCF, subject to documentation and customary conditions).

Outlook

Following the agreement to restructure the Group balance sheet, the year ahead at New Look will continue to focus on driving sustainable growth through improved margin 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.



PRINCIPAL RISKS AND UNCERTAINTIES

As a wholly-owned subsidiary of New Look Retail Group Limited, the identification, governance, management and reporting of the risks of the Company are undertaken at Group level. It is recognised that the Company 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 mitigation. 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.

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.
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).

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.
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.
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.
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.

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 countries¹.

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.

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.

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

1. As at 30 March 2019
 2. www.newlookgroup.com/sustainability/factory-list
 3. www.gov.uk/government/news/uk-fashion-brands-take-action-to-tackle-modern-slavery
 4. www.newlookgroup.com/sustainability/modern-slavery-statement

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.

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 focusing 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.

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'.



DIRECTORS' REPORT

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

Directors

The Directors whose details are set out on page 30 are the current Directors of the Company.

Going concern

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet all its obligations as and when they fall due for the foreseeable future. The Company recognised a net loss after tax of £287,190,000 for the period ended 30 March 2019 and the Company's current liabilities exceed its current assets by £246,169,000.

Performance for the period ended 30 March 2019 has been underpinned by significant cost savings including the CVA and the improved profitability of the e-commerce segment, resulting in improved underlying operating profit and adjusted EBITDA. Post tax losses in the year are reflective of the significant impairments recognised against intercompany receivables which are no longer deemed to be recoverable following completion of the Group restructuring transaction and planned exits from the International businesses. Further, in connection with the transaction, since period end, certain intercompany payables have been waived and a share capital reduction of the Company has been approved. As a result total assets now exceed total liabilities, see note 28.

The Directors have reviewed the projected results and the adequacy of its financial resources to continue in operational existence for the foreseeable future and to meet its obligations as they fall due. These projections incorporate the benefit of the Group balance sheet restructuring, completed on 3 May 2019, through which the debt servicing requirement of the Company is materially reduced when compared to prior years.

Given the current economic headwinds across the retail environment, the Directors have also considered the impact if trading results do not meet projections. A range of sensitivity scenarios have been modelled considering the impact of a delay to improvements in trade as a result of factors such as lower consumer confidence and reduced footfall. Should results fall short of expectations; the Directors have identified a number of mitigating actions that could be instigated, if required, to enable the Company to continue to meet its obligations as they fall due for the foreseeable future. These include:

- The ability to defer cash interest on the new Group debt through to maturity in May 2024, at the latest;
- A reduction, or timing delay, in the capital expenditure budget, which is not fully committed at the start of the year; and

- During the current period certain of the Group's trade receivable balances were factored with Brait. Following the completion of the transaction it was agreed that this arrangement would unwind and this is included within the projections. The Directors are exploring an alternate third party factoring arrangement. Such arrangement is permissible under the indentures but not currently available to the Group and is subject to commercial feasibility and costs.

In addition to the above available mitigating actions, the Directors have identified additional cost savings which have not been included within the projections but could be actioned immediately. The projections also do not include any probable benefit from a number of trade driving initiatives that are currently in progress.

After making appropriate enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Following careful consideration of the above matters, the Directors do not consider there to be a material uncertainty with regards to going concern and consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Principal activities

The principal activity of the Company is multichannel retailing. A review of the Company's business is set out in the Strategic report as set out on pages 6 to 25.

Future developments and business analysis

Future developments and an analysis of the development, performance and position of the Company's business are disclosed in the Strategic report.

Employee policies

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

Dividends

The Company paid dividends of £nil (2018: £632,000) to New Look Limited.

Financial instruments – risk management and objectives

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

Payment of suppliers

The Company's creditor days as at 30 March 2019 were 45 days (2018: 47 days). Payment is made in accordance with contractual or other legal obligations.



Political donations

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

Events after the reporting period

See note 28 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
15 July 2019



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 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 Company and of the profit or loss of the 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 United Kingdom Accounting Standards, comprising FRS 101, have been followed, 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 Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

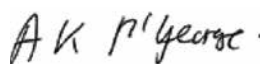
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

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 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 Company's auditors are aware of that information.

On behalf of the Board,



Alistair McGeorge
Executive Chairman
15 July 2019

THE BOARD



Alistair McGeorge

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

Richard Collyer
Chief Financial Officer

Richard was appointed to the Board of Directors on 14 February 2017 having taken up the role of Chief Financial Officer of the Group on 21 December 2016. 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

Roger Wightman
Chief Creative Officer

Roger was appointed to the Board of Directors on 31 May 2014. 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

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.



Paul Gilbert

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.



INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF NEW LOOK RETAILERS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, New Look Retailers Limited’s financial statements:

- give a true and fair view of the state of the Company’s affairs as at 30 March 2019 and of its loss for the 53 week period (the “period”) then ended;
- 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 income statement, the statement of comprehensive income, 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 Company 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.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company’s ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company’s trade, customers, suppliers and the wider economy.

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 Directors' Responsibilities Statement 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.



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

FINANCIAL STATEMENTS





NEW LOOK RETAILERS LIMITED

INCOME STATEMENT

	Notes	For the financial periods	
		53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
		£'000	£'000
Revenue	5	1,177,994	1,226,075
Cost of sales		(671,751)	(711,481)
Gross profit		506,243	514,594
Administrative expenses		(504,253)	(638,505)
Impairment of intercompany receivables		(287,178)	(132,581)
Operating loss	6	(285,188)	(256,492)
Dividends received	8	-	114
Finance income	9	2,292	1,593
Finance expense	9	(13,468)	(2,225)
Loss before taxation		(296,364)	(257,010)
Taxation	11	9,174	10,347
Loss for the period		(287,190)	(246,663)

The notes on pages 40 to 69 are an integral part of these financial statements.

NON-GAAP INFORMATION

Underlying operating profit/(loss) and adjusted EBITDA, non-GAAP measures, (see note 2.23) are calculated as follows:

	Note	For the financial periods	
		53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
		£'000	£'000
Operating loss		(285,188)	(256,492)
Add back/(deduct):			
Operating exceptional items	10	307,473	179,172
Share based payment charge	22	2,531	20,213
Fair value movement of financial instruments	19	333	2,266
Impairment charge for tangible and intangible assets	12,13	2,676	11,784
Movement on onerous lease provision		2,989	(2,255)
Underlying operating profit/(loss)		30,814	(45,312)
Add back:			
Depreciation	13	27,317	32,761
Amortisation	12	18,803	19,513
Adjusted EBITDA		76,934	6,962

NEW LOOK RETAILERS LIMITED
STATEMENT OF COMPREHENSIVE INCOME

		For the financial periods	
		53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	Notes	£'000	£'000
Loss for the period		(287,190)	(246,663)
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges		16,345	(33,805)
Tax effects	11	(2,779)	5,746
Other comprehensive income/(expense) for the period, net of tax		13,566	(28,059)
Total comprehensive loss for the period		(273,624)	(274,722)

The notes on pages 40 to 69 are an integral part of these financial statements.

NEW LOOK RETAILERS LIMITED

BALANCE SHEET

		As at	
		30 March 2019	24 March 2018 restated
	Note	£'000	£'000
Non-current assets			
Intangible assets	12	56,431	68,425
Property, plant and equipment	13	56,327	81,120
Investments	14	42,256	41,954
Other receivables	16	6,746	10,691
Deferred income tax assets	11	28,945	22,614
		190,705	224,804
Current assets			
Inventories	15	124,764	133,589
Trade and other receivables	16	43,062	289,079
Derivative financial instruments	19	157	601
Cash and cash equivalents		58,738	27,847
		226,721	451,116
Total assets		417,426	675,920
Current liabilities			
Trade and other payables	17	(353,453)	(324,956)
Current tax liabilities		(5,431)	(3,778)
Borrowings	18	(101,275)	(100,000)
Derivative financial instruments	19	(3,325)	(19,781)
Provisions	20	(9,406)	(3,571)
		(472,890)	(452,086)
Non-current liabilities			
Deferred income and other payables	17	(38,632)	(51,718)
Deferred income tax liabilities	11	-	-
Provisions	20	(2,985)	(600)
		(41,617)	(52,318)
Total liabilities		(514,507)	(504,404)
Net (liabilities)/assets		(97,081)	171,516
Equity			
Share capital	23	1	1
Hedging reserve		(1,259)	(14,825)
Accumulated (losses)/profits		(95,823)	186,340
Total equity		(97,081)	171,516

The notes on pages 40 to 69 are an integral part of these financial statements.

The financial statements on pages 36 to 69 were approved by the Board of Directors on 15 July 2019 and were signed on its behalf by:

A K McGeorge

Alistair McGeorge

Director

New Look Retailers Limited Company number: 01618428

NEW LOOK RETAILERS LIMITED

STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to the owners of New Look Retailers Limited			
		Share Capital	Hedging Reserve	Accumulated profits/(losses)	Total equity
		£'000	£'000	£'000	£'000
Balance at 25 March 2017		1	13,234	419,664	432,899
Opening adjustment	16	-	-	(6,088)	(6,088)
Balance at 25 March 2017 (restated)		1	13,234	413,576	426,811
Comprehensive income and expense					
Loss for the period		-	-	(246,663)	(246,663)
Other comprehensive income and expense					
Movements in hedged financial instruments	19	-	(33,805)	-	(33,805)
Tax on items recognised directly in equity	11	-	5,746	-	5,746
Total comprehensive loss		-	(28,059)	(246,663)	(274,722)
Transactions with owners					
Employee share option scheme					
- value of employee services		-	-	20,059	20,059
Dividends paid	24	-	-	(632)	(632)
Total transactions with owners		-	-	19,427	19,427
Balance at 24 March 2018 (restated)		1	(14,825)	186,340	171,516
Change in accounting standard – IFRS 15		-	-	1,365	1,365
Balance at 24 March 2018 (restated)		1	(14,825)	187,705	172,881
Comprehensive income and expense					
Loss for the period		-	-	(287,190)	(287,190)
Other comprehensive income and expense					
Movements in hedged financial instruments	19	-	16,345	-	16,345
Tax on items recognised directly in equity	11	-	(2,779)	-	(2,779)
Total comprehensive profit/(loss)		-	13,566	(287,190)	(273,624)
Transactions with owners					
Employee share option scheme					
- value of employee services		-	-	3,662	3,662
Total transactions with owners		-	-	3,662	3,662
Balance at 30 March 2019		1	(1,259)	(95,823)	(97,081)

The notes on pages 40 to 69 are an integral part of these financial statements.

NEW LOOK RETAILERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Authorisation of financial statements

The financial statements of the Company for the 53 week period ended 30 March 2019 were authorised for issue by the Board of Directors on 15 July 2019 and the balance sheet was signed on the Board's behalf by Alistair McGeorge. New Look Retailers Limited is a private limited company incorporated and domiciled in England and Wales whose registered office is New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ. The registered number of the Company is 01618428.

2. Accounting policies

2.1 Basis of preparation

The financial statements for the period ended 30 March 2019 have been prepared on the going concern basis, under the historical cost convention except for the revaluation of financial assets and liabilities (including derivatives) at fair value through the income statement and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The Company has prepared these financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

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' (IAS 1) comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of 'International Accounting Standards, Presentation of financial statements' (IAS 1):
 - 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-C (additional comparative information)
 - 111 (cash flow statement information)
 - 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- 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;
- Paragraph 73(e) of IAS 16, 'Property, plant and equipment' to disclose a reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the comparative period; and
- Paragraph 118(e) of IAS 38, 'Intangible assets' to disclose a reconciliation of the carrying amount of intangible assets at the beginning and end of the comparative period.

The Company is a wholly-owned subsidiary of New Look Limited and is included in the consolidated financial statements of New Look Retail Group Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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 critical accounting estimates or areas of critical judgement identified by the Directors, as well as the principal accounting policies which have been applied consistently in the preparation of these financial statements are set out below.

2.1.1 Going concern

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet all its obligations as and when they fall due for the foreseeable future. The Company recognised a net loss after tax of £287,190,000 for the period ended 30 March 2019 and the Company's current liabilities exceed its current assets by £246,169,000.

Performance for the period ended 30 March 2019 has been underpinned by significant cost savings including the CVA and the improved profitability of the e-commerce segment, resulting in improved underlying operating profit and adjusted EBITDA. Post tax losses in the year are reflective of the significant impairments recognised against intercompany receivables which are no longer deemed to be recoverable following completion of the Group restructuring transaction and planned exits from the International businesses. Further, in connection with the transaction, since period end, certain intercompany payables have been waived and a share capital reduction of the Company has been approved. As a result total assets now exceed total liabilities, see note 28.

The Directors have reviewed the projected results and the adequacy of its financial resources to continue in operational existence for the foreseeable future and to meet its obligations as they fall due. These projections incorporate the benefit of the Group balance sheet restructuring, completed on 3 May 2019, through which the debt servicing requirement of the Company is materially reduced when compared to prior years.

Given the current economic headwinds across the retail environment, the Directors have also considered the impact if trading results do not meet projections. A range of sensitivity scenarios have been modelled considering the impact of a delay to improvements in trade as a result of factors such as lower consumer confidence and reduced footfall. Should results fall short of expectations; the Directors have identified a number of mitigating actions that could be instigated, if required, to enable the Company to continue to meet its obligations as they fall due for the foreseeable future. These include:

- The ability to defer cash interest on the new Group debt through to maturity in May 2024, at the latest;
- A reduction, or timing delay, in the capital expenditure budget, which is not fully committed at the start of the year; and
- During the current period certain of the Group's trade receivable balances were factored with Brait. Following the completion of the transaction it was agreed that this arrangement would unwind and this is included within the projections. The Directors are exploring an alternate third party factoring arrangement. Such arrangement is permissible under the indentures but not currently available to the Group and is subject to commercial feasibility and costs.

In addition to the above available mitigating actions, the Directors have identified additional cost savings which have not been included within the projections but could be actioned immediately. The projections also do not include any probable benefit from a number of trade driving initiatives that are currently in progress.

After making appropriate enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Following careful consideration of the above matters, the Directors do not consider there to be a material uncertainty with regards to going concern and consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

2.1.2 Restatement of opening FY18 reserves

As a result of the accounting review explained on page 16, the Company has assessed the accounting periods in which the identified £6,088,000 improper journals were posted.

The Company 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 16.

2.2 Changes in accounting policy and disclosures

a) Standards, amendments and interpretations that were effective in the period and were adopted by the Company 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 Company has adopted IFRS 9 with the exception of the hedge accounting requirements given there is currently a choice in application. The Company 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 Company 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 25 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 £1,365,000 has been made to recognise this, see page 39. 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 shown on a net basis which is summarised in the following table:

	IFRS 15	IAS 18 and IAS 11
Balance sheet	£'000	£'000
Inventory	124,764	122,953
Accruals	(59,226)	(57,415)

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.

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 Company. 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 Company. The Company is still considering the impact of these changes, but any impact is not expected to be material to the Company's financial statements, unless stated otherwise below. No other existing standards that are not effective are relevant to the Company'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 Company financial statements, as discussed below.

The new standard is applicable to the Company 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 Company 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 21.

Transition

The Company 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 has established a cross functional working group to ensure the Company 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 Company 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.

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.

2.2 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 Company. The Company is still considering the impact of these changes, but any impact is not expected to be material to the Company's financial statements, unless stated otherwise below. No other existing standards that are not effective are relevant to the Company's operations (continued)

Impact to the financial statements

On adoption of IFRS 16, the main impact for the Company 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 Company 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 £330,000,000 to £370,000,000.

The income statement will reflect a decrease to profit before taxation for the period ended 28 March 2020 of between £13,000,000 and £18,000,000. 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 £20,000,000 to £24,000,000. Finance expense is expected to increase within a range of £34,000,000 and £40,000,000 reflecting the higher finance costs. The adoption of IFRS 16 is not expected to have a material impact on the Company'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 Company's activities as a lessor are not material and therefore the Company 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.

2.3 Revenue

For the financial period ended 30 March 2019, the Company has adopted IFRS 15 for the first time. The nature and effect of these changes are disclosed in 2.2.

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, stated net of returns, staff discounts, and value added and other sales taxes.

The Company 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 Company'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 Company's brand name overseas. In the prior period, franchise fee income represented the release of the upfront exclusivity fee that has 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.

It is the Company'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 Company will be entitled. The Company 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.

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 Company's underlying trading performance.

Items which may be classified as exceptional include the impairment of non-derivative financial instruments and investments, transactions relating to 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 are measured in Sterling, which is the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Sterling, which is the Company's presentational currency.

(b) Transactions and balances

Transactions in foreign currencies, which are those other than the functional currency of the Company, 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.

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

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 Company 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.

Asset Category	Useful life
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 in accordance with 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.

2.9 Intangible assets

Intangible assets acquired separately are capitalised at cost.

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:

Asset Category	Useful life
Brands	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.

Brands have been determined as intangible assets with indefinite lives. The Company believe that these assets are long established and are easily recognisable by customers. The Company 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, are expected to be used indefinitely as there is no intention to rebrand the business.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life 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).

For non-financial assets, 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. In accordance with the Group treasury policy, the Company 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 foreign exchange rates and market volatility at the balance sheet date.

(b) 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.

(c) Non-derivative financial instruments

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The Company 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 Company transfers certain receivables to the factoring party in exchange for cash equal to 90% of the receivable. The Company derecognises 90% of the receivable at the point it is factored as the credit risk and late payment risk is 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 Company.

2.11 Financial instruments (continued)**(c) Non-derivative financial instruments (continued)**

Trade and intercompany payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables include invoices for certain suppliers held 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.

Intercompany receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

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.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, 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. Bank overdrafts are shown within borrowings in current liabilities.

2.14 Taxation

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

The current income tax charge or credit is calculated on the basis of the tax laws and rates related to the reporting period. 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 Company 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 and when the Company 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 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 assets against the higher of its net realisable value 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.

2.16 Employee benefit costs**(a) Pension obligations**

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

The Company only operates defined contribution pension schemes. The Company 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.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company 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.

2.17 Share based payments

Three 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 Company 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").

2.18 Provisions

A provision is recognised when the Company 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 Company has a detailed formal plan for the restructuring that has been communicated to affected parties.

2.19 Leases

All 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 income 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.

2.20 Share capital

Ordinary share capital is classified as equity. 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 Company 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 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.

2.23 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 Company 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 Company. 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.

3. Financial risk management

The Company's operations expose it to foreign exchange risk, interest rate risk, credit risk, liquidity risk and capital risk management.

Foreign exchange rate risk

Foreign exchange rate risk is managed on a Group basis. 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 Company 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 and recognised assets and liabilities.

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

- Purchase of overseas sourced products. Company 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 Company has a floating rate portion of the bridge facility denominated in Euros.

- Foreign currency cash balances. During the period ended 30 March 2019 the Company had cash balances denominated in Euros, US dollars, Singapore dollars, Chinese Renminbi and Polish Zloty. These balances were revalued into Sterling equivalent balances at the prevailing spot foreign exchange rate.
- Foreign currency denominated balances with other Group companies. During the period ended 30 March 2019 the Company had intercompany receivables and payables denominated in Euros, Chinese Renminbi and Polish Zloty. These balances were revalued into Sterling equivalent balances at the prevailing spot foreign exchange rate.

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 £1,354,000 higher (2018: £1,499,000 higher), mainly as a result of revaluation of trade creditors; post-tax increase (2018: increase) in shareholder's deficit would have been £8,941,000 lower (2018: £11,749,000 lower) as a result of the movement in forward currency contracts.

Interest rate risk

Interest rate risk is managed on a Group basis. The Company's principal interest rate risk arises from floating rate borrowings on the revolving credit facility and bridge facility.

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.

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 the multi-currency revolving credit facility (RCF) up to the date of novation and on the bridging loan had been 100 basis points higher (2018: 100 bp) with all other variables held constant, post-tax loss (2018: loss) for the period would have been £920,000 higher (2018: £165,000 higher).

Credit risk

Credit risk is managed on a Group basis. 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. 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. 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.

3. Financial risk management (continued)**Credit risk (continued)**

The credit ratings of banks with which the Company 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 Company 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 Company 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 16.

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 Company. 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.

Amounts due from Group undertakings are repayable on demand and as such expected credit losses are based on the assumption that the repayment of the amounts due are demanded at the reporting date.

Liquidity risk

Liquidity risk is managed on a Group basis. Liquidity risk is the risk that the Company 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, the Group treasury function maintains availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position which 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.

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.

Capital risk management

Capital risk is managed on a Group basis. 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.

The revolving credit facility was subject to quarterly covenant leverage reporting on an annualised basis which began on the quarter ending 25 June 2016. The covenant measure ceased to be applicable from 6 March 2018 due to the amendments to the RCF as a result of the CVA. There were no breaches to covenants up to 6 March 2018. On 15 March 2019, the revolving credit facility was novated to another Group company.

The Company is part of the guarantor group under the Group's financing arrangements.

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

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 Company 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 Company 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.

(b) Estimated impairment of assets with finite lives

The Company 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 cost to sell. These calculations require the use of estimates as detailed in note 13.

(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 rate.

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.

(d) Inventory provisions

The Company 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 are 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 Company estimates for the purposes of operating lease commitments that the rent at the end of the CVA will remain at the CVA level. In addition to this, the Company has made judgements in relation to the number of stores that will remain open.

Significant judgements**(f) Estimated impairment of investments**

The Company tests whether investments have suffered any impairment in accordance with the accounting policy stated in note 2.15. These impairments are shown as exceptional items in accordance with the accounting policy stated in note 2.6. The recoverable amount of each investment has been determined based on the higher of value in use or fair value less cost to sell.

(g) Impairment of intercompany receivables

The Company tests whether its intercompany receivables have suffered any impairment in accordance with the accounting policy stated in note 2.11. These impairments are shown as exceptional items in accordance with the accounting policy stated in note 2.6. The recoverable amount of each receivable has been determined using the carrying value and expected future losses.

(h) Recognition of deferred tax assets

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 Company. 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.

i) Exceptional items

The Company 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 Company's underlying trading performance. See notes 2.6, 10 and 20 for a description of exceptional items.

(j) Indefinite life intangibles

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

(k) Going concern

The Directors apply judgement to assess whether it is appropriate for the Company to be reported as a going concern, by considering the business activities and the Company's principal risks and uncertainties. Details of the considerations made by the Directors as part of the assessment of going concern are included within the Directors Report (see page 26) and within the basis of preparation (see page 40).

A number of assumptions and estimates are involved in arriving at this judgement including management's projections of the future trading performance and expectations of the external economic environment.

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 Board considers the business from a New Look brand perspective. The New Look brand consists of the UK Retail, e-commerce, 3rd party e-commerce and franchise segments.

The results of the French, German and the Rest of the World websites are included within the e-commerce segment. Whilst it is possible to separately identify the sales for these sites, 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. The UK Retail segment includes rental income and store card income.

The Board assesses the performance of the reportable segments based on revenue grossed up to include the sales of store concessions ('segmental gross transactional value'). Interest income and expenditure are not allocated to segments, as this type of activity is driven 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.

5. Segment information (continued)

The segment information provided to the Board is as follows:

	For the financial periods	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
External revenue		
– UK Retail	936,641	951,121
– E-commerce ⁽¹⁾	172,332	185,774
– 3rd party e-commerce	80,922	72,934
– Franchise	6,715	32,456
Segmental gross transactional value	1,196,610	1,242,285
Adjustment to state concession income on a net basis for statutory reporting purposes	(18,616)	(16,210)
Total external revenue	1,177,994	1,226,075

(1) E-commerce sales include £15,507,000 (2018: £18,954,000) 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.

	For the financial periods	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Capital expenditure		
– UK Retail	9,048	27,953
– E-commerce	4,623	11,631
– 3rd party e-commerce	1,078	-
– Franchise	-	-
Total capital expenditure	14,749	39,584

	For the financial periods	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Underlying operating profit/(loss)		
- UK Retail	(4,783)	(74,842)
- E-commerce	21,198	11,907
- 3rd party e-commerce	12,910	14,088
- Franchise	1,489	3,535
Total underlying operating profit/(loss)	30,814	(45,312)

	For the financial periods	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Adjusted EBITDA		
- UK Retail	33,490	(32,701)
- E-commerce	28,843	22,040
- 3rd party e-commerce	13,112	14,088
- Franchise	1,489	3,535
Total adjusted EBITDA	76,934	6,962

	For the financial periods	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Depreciation and amortisation		
- UK Retail	38,273	42,141
- E-commerce	7,645	10,133
- 3rd party e-commerce	202	-
- Franchise	-	-
Total depreciation and amortisation	46,120	52,274

	For the financial periods	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Impairment of intangible assets and property, plant and equipment		
- UK Retail	2,676	11,663
- E-commerce	-	121
- 3rd party e-commerce	-	-
- Franchise	-	-
Total impairment of intangible assets and property, plant and equipment	2,676	11,784

All of the Company's fixed assets and intangible assets are located in the UK.

6. Operating loss

	For the financial periods	
	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Operating loss is stated after charging/(crediting):		
Cost of inventories recognised as an expense through cost of sales	521,059	540,692
Write down of inventories to net realisable value through cost of sales	15,934	31,497
Distribution centre costs	28,346	30,820
Staff costs (note 7a)	184,868	207,512
Temporary and contract staff costs	9,682	9,490
Marketing costs	25,006	34,831
Auditors' remuneration – audit services*	676	574
Auditors' remuneration – non-audit services		
Tax compliance services	69	123
Tax advisory services	-	61
Other assurance services	627	-
All other services	-	78
Operating lease charges		
- minimum lease payments	99,391	141,177
- contingent rent payments	234	235
Estate costs (excluding rent)	112,521	126,960
Amortisation of lease incentives	(7,177)	(8,185)
Loss on disposal of intangible assets and property, plant and equipment	2,269	2,788
Net foreign exchange differences	(816)	(1,033)
Depreciation of property, plant and equipment	27,317	32,761
Impairment charge for property, plant and equipment	2,574	9,769
Amortisation of intangible assets	18,803	19,513
Impairment charge for intangible assets	102	2,015
Impairment charge for intercompany receivables	287,178	132,581
Impairment charge for investments	3,058	17,519
Fair value movement of financial instruments	333	2,266

* Auditors' remuneration includes fees payable by the Company in relation to services received by other Group companies. Auditors' remuneration relating to the Company is £645,000 (2018: £520,000).

Included within minimum lease payments is £6,673,000 (2018: £4,620,000) relating to the amortisation of rent discount and rent free lease incentives.

7a. Staff costs

	For the financial periods	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Wages and salaries	168,689	173,377
Social security costs	10,938	11,859
Other pension costs (note 25)	2,710	2,063
	182,337	187,299
Share based payment expense (note 22)	2,531	20,213
	184,868	207,512

In addition to the above, costs relating to temporary and contract staff total £9,682,000 (2018: £9,490,000).

The average monthly number of persons (including Executive Directors) employed by the Company during the period was:

	For the financial periods	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Administration and distribution	2,411	2,547
Retailing	11,870	12,267
	14,281	14,814

7b. Directors' remuneration

	For the financial periods	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Aggregate emoluments in respect of qualifying services	2,103	1,936
Compensation for loss of office	-	882
Payments to defined contribution pension schemes	91	84
	2,194	2,902

Emoluments payable to the highest paid Director are as follows:

	For the financial periods	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Aggregate emoluments in respect of qualifying services	1,222	710

Retirement benefits are accruing to one (2018: one) Director under defined contribution pension schemes at the end of the period.

During the period ended 30 March 2019, no Directors exercised share options or sold an interest in shares and no (2018: two) Directors sold an interest in preference shares of Top Gun Bidco Limited.

8. Dividends received

	For the financial periods	
	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Dividends received from New Look Retailers (Ireland) Limited	-	114
Total dividends received	-	114

9. Finance income and expense

	For the financial periods	
	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Finance income		
Other interest receivable and similar income	342	120
Receivable from Group undertakings	1,950	1,473
Total finance income	2,292	1,593
Finance expense		
Other interest payable and similar expense	(6,430)	(1,575)
Payable to Group undertakings	(617)	(650)
Finance expense before exceptional expenses	(7,047)	(2,225)
<i>Exceptional items – finance expense</i>		
Debt restructure	(6,421)	-
Total finance expense	(13,468)	(2,225)

Debt restructure

During the period ended 30 March 2019, the Company secured short term financing in the form of a bridge facility with a sterling equivalent of £80,000,000 committed on 22 January 2019 and drawn on 28 January 2019, see note 18. There is a premium of £10,000,000 on the bridge facility in addition to the floating rate interest. During the period ended 30 March 2019, £6,421,000 of this had accreted under the effective interest rate method.

10. Exceptional items

	For the financial periods	
	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Company Voluntary Arrangement (CVA)	1,078	11,160
King's Cross abortive costs	55	12,024
Group reorganisation and restructure	3,194	5,888
Impairment of investments	3,058	17,519
Impairment of intercompany receivables	287,178	132,581
Debt restructure	2,368	-
International review	9,892	-
Accounting review	650	-
Operating exceptional items	307,473	179,172
Financing exceptional items		
Debt restructure	6,421	-
Total exceptional items	313,894	179,172

Company Voluntary Arrangement

On 21 March 2018, the Company announced the approval of a Company Voluntary Arrangement (CVA) aimed at addressing the over-rented position of the store portfolio and right-sizing the number of stores. This is a significant step towards delivery of the turnaround strategy, focused on returning the business to long-term profitability. The Company 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 107 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 Company incurred total costs of £1,078,000 (2018: £11,160,000), including £1,798,000 (2018: £8,350,000) relating to professional advisory fees, £1,947,000 of exit costs associated with landlord enforced closures of B stores and retention bonuses for staff in C stores marked for closure (2018: £2,810,000) 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 £2,667,000 (2018: £nil) gain on disposal of assets and lease incentives in closed stores.

King's Cross abortive costs

During the period ended 30 March 2019, the Company incurred exceptional costs of £55,000 (2018: £12,024,000) related to the aborted move to the new head office in King's Cross. The costs incurred during the period ended 24 March 2018 include £9,641,000 related to fit out costs for the office (including non-transferable assets), £1,678,000 of transactional fees and £705,000 of dual running costs.

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 Company incurred £5,888,000 of exceptional costs made up of dual running of certain contracts and aligning our 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 Company incurred £3,194,000 of consulting fees and redundancy costs in the period as a result of the review. The Company expects the review to be completed during FY20.

Impairment of investments

During the period ended 30 March 2019, the Company recognised an impairment charge of £3,058,000 (2018: £17,519,000) in relation to its investments in subsidiaries.

Impairment of intercompany receivables

During the period ended 30 March 2019, the Company recognised an impairment charge of £287,178,000 (2018: £132,581,000) in relation to certain amounts owing from other wholly owned Group subsidiaries. As a result of the international review, the Company fully impaired amounts due from international entities incurring an impairment charge of £21,383,000. As a result of the restructuring transaction, see note 28, the Company fully impaired amounts due from companies outside of the New Look Limited group incurring an impairment charge of £265,795,000. The Directors do not believe these amounts to be recoverable based on the recent, current and future expected performance of these companies, see note 16.

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 Company incurred exceptional costs of £2,368,000 related to professional advisory fees in respect of formulating and finalising the transaction and £6,421,000 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 28 for more details.

International review

During the period ended 30 March 2019, the Group made the decision to exit a number of international businesses due to poor performance. The exceptional costs include an impairment charge for amounts due from New Look Belgium of £1,338,000 not previously provided for. The Company incurred fees of £1,874,000 in relation to the closure of the China business since it is the parent company. The Company has recognised costs that the Company may be liable for relating to certain existing contracts of £6,680,000.

Accounting review

The Company incurred exceptional costs of £650,000 related to professional fees in respect of the 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 in carrying out a thorough review into trade creditor related areas of the financial statements and associated accounting practices, which is now concluded.

11. Taxation

	For the financial periods	
	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Current tax:		
UK corporation tax on losses for the period	-	-
Adjustments in respect of prior periods	(115)	(1,560)
Foreign taxation	51	61
Total current tax	(64)	(1,499)
Deferred tax:		
Origination and reversal of timing differences	(7,461)	(10,084)
Adjustments in respect of prior periods	(1,649)	1,236
Total deferred tax	(9,110)	(8,848)
Total income tax credit	(9,174)	(10,347)

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 19% (2018: 19%). The Company's tax credit on loss before taxation for the current and previous period is different from the standard rate for the reasons set out in the following reconciliation:

	For the financial periods	
	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Loss before taxation	(296,364)	(257,010)
Loss before taxation activities multiplied by the standard rate in the UK of 19% (2018: 19%)	(56,309)	(48,832)
Effects of:		
Depreciation on non-qualifying assets	2,092	4,408
Group relief (obtained)/surrendered for nil consideration	(11,521)	1,300
Expenses not deductible for tax purposes	58,328	32,875
Impact of change in tax rate	-	226
Adjustments to current tax charge in respect of prior periods	(115)	(1,560)
Adjustments to deferred tax charge in respect of prior periods	(1,649)	1,236
Total income tax credit	(9,174)	(10,347)

Expenses not deductible for tax purposes includes £46,284,000 (2018: £28,519,000) in relation to the impairment of intercompany receivables and investments.

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 tax losses.

Deferred income tax

	For the financial periods	
	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Deferred tax asset to be recovered within 12 months	663	2,620
Deferred tax asset to be recovered after more than 12 months	28,282	19,994
	28,945	22,614
Deferred tax liability falling due within 12 months	-	-
Total deferred tax	28,945	22,614

The movement in the period is as follows:

	Depreciation in excess of capital allowances £'000	Other temporary differences £'000	Total £'000
As at 25 March 2017	9,967	(1,947)	8,020
Credited to the income statement	7,697	1,151	8,848
Recognised directly in other comprehensive income	-	5,746	5,746
As at 24 March 2018	17,664	4,950	22,614
Credited to the income statement	1,308	7,802	9,110
Recognised directly in other comprehensive income	-	(2,779)	(2,779)
As at 30 March 2019	18,972	9,973	28,945

Deferred tax assets have been recognised to the extent that they are considered to be recoverable. In determining the recoverability of deferred tax assets the Company assesses the future profitability and whether the capital allowances will be claimed in future periods. 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 capital losses of £8,883,000 (2018: £8,199,000) that has not been recognised due to uncertainty as to whether there will be sufficient taxable capital gains in the future against which the asset could be utilised.

12. Intangible assets

	Brands £'000	Software licences £'000	Total £'000
Cost			
As at 24 March 2018	200,021	126,578	326,599
Additions	-	7,237	7,237
Disposals	-	(2,419)	(2,419)
As at 30 March 2019	200,021	131,396	331,417
Accumulated amortisation and impairment			
As at 24 March 2018	(200,009)	(58,165)	(258,174)
Charge for the period	-	(18,803)	(18,803)
Impairment charge	-	(102)	(102)
Disposals	-	2,093	2,093
As at 30 March 2019	(200,009)	(74,977)	(274,986)
Net book value			
As at 30 March 2019	12	56,419	56,431
As at 24 March 2018	12	68,413	68,425

The lowest CGUs within the Company are individual stores. For the purpose of impairment assessment of software, the value in use of relevant groups of CGUs has been calculated as detailed in note 13.

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 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 £56,431,000 (2018: £68,425,000) are pledged as security for the RCF, see note 27.

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 restructuring transaction, see note 28. 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.

13. Property, plant and equipment

	Fixtures and equipment £'000
Cost	
As at 24 March 2018	481,012
Additions	7,512
Disposals	(45,409)
As at 30 March 2019	443,115
Accumulated depreciation and impairment	
As at 24 March 2018	(399,892)
Charge for the period	(27,317)
Impairment charge	(2,574)
Disposals	42,995
As at 30 March 2019	(386,788)
Net book value	
As at 30 March 2019	56,327
As at 24 March 2018	81,120

Property, plant and equipment with a carrying amount of £56,327,000 (2018: £81,120,000) are pledged as security for the RCF, see note 27.

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

The lowest CGUs within the Company are individual stores. For the purpose of impairment assessment, the value in use of relevant groups of 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.

The resulting cash flows are discounted using a pre-tax discount rate of 11.46% (2018: 10.28*). 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 £3,929,000 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 £6,774,000 would be required for assets allocated to stores.

The Company 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 £1,745,000 would be required for assets allocated to stores.

* 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. Investments

	Shares in subsidiaries £'000	Other investments £'000	Total £'000
Cost			
As at 24 March 2018	59,050	4,214	63,264
Additions	3,272	88	3,360
As at 30 March 2019	62,322	4,302	66,624
Provision for impairment			
As at 24 March 2018	(17,131)	(4,179)	(21,310)
Impairment charge	(2,970)	(88)	(3,058)
As at 30 March 2019	(20,101)	(4,267)	(24,368)
Net book value			
As at 30 March 2019	42,221	35	42,256
As at 24 March 2018	41,919	35	41,954

Other investments comprise £35,000 (2018: £35,000) deferred shares in Retail Credit Union Limited.

During the 53 week period ended 30 March 2019, the Company impaired the preference dividend received on the preference share capital held of New Look Overseas Limited, incorporated and operating in the UK, as a result of the recent and current performance of New Look Overseas Limited.

The addition to shares in subsidiaries comprises a £2,970,000 capital contribution to New Look Commerce (Shanghai) Co. Ltd and £302,000 acquisition of New Look (Singapore) PTE Limited. During the 53 week period ended 30 March 2019, an impairment charge of £2,970,000 was recognised against the carrying value of the Company's investment in New Look Commerce (Shanghai) Co. Ltd as a result of the decision of the Group to close the China retail business.

At 30 March 2019, the Company directly owned 100% (unless otherwise stated) of the ordinary share capital and voting rights of the following subsidiary undertakings:

Subsidiary	Nature	Registered address
New Look Retailers (CI) Limited	Trading	1st & 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW
New Look Retailers (Ireland) Limited	Trading	3 Burlington Road, Dublin 4, Republic of Ireland
New Look Commerce (Shanghai) Co. Ltd	Dormant	Room 801—804 & 808, No. 150 Zun Yi Road, Office Tower C, The Place, Changning District, Shanghai, China
New Look (Singapore) PTE Limited	Holding	80 Robinson Road, #02-00, Singapore 068898

During the period ended 24 March 2018, New Look Card Services Limited, which was previously dormant, was liquidated.

The Directors believe that the carrying value of the investments is supported by their underlying net assets or the projected earnings of the subsidiary undertakings.

15. Inventories

	As at	
	30 March 2019	24 March 2018
	£'000	£'000
Raw materials and work in progress	2,235	2,876
Finished goods	120,735	128,912
Spare parts	1,794	1,801
	124,764	133,589

Inventories with a value of £5,671,000 (2018: £4,460,000) 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 6.

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 by £1,536,000.

Inventories with a carrying amount of £124,764,000 (2018: £133,589,000) are pledged as security for the RCF, see note 27.

16. Trade and other receivables

	As at	
	30 March 2019	24 March 2018 restated
	£'000	£'000
Current		
Trade receivables	17,182	31,131
Amounts owed by Group undertakings	582	227,353
Other receivables	3,130	4,056
Prepayments	19,709	24,342
Accrued income	2,459	2,197
	43,062	289,079
Non-current		
Other receivables	65	788
Prepayments	6,679	9,901
Accrued income	2	2
	6,746	10,691

Trade and other receivables with a carrying amount of £20,377,000 (2018: £35,975,000) are pledged as security for the RCF, see note 27.

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 £6,088,000 correction, trade and other receivables have been restated from £300,106,000 to £299,770,000 to reflect a £336,000 decrease and trade and other payables have been restated from £370,922,000 to £376,674,000 to reflect a £5,752,000 increase. Net assets have been restated from £177,604,000 to £171,516,000. 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.

Amounts owed by Group undertakings include interest bearing balances as follows:

Entity	Balance at 30 March 2019	Interest basis
New Look Germany GmbH	EUR Nil	3 month Euribor plus 2.5% margin
New Look Poland Sp. z o.o.	PLN Nil	3 month Wibor plus 2.5% margin
New Look Commerce (Shanghai) Co., Limited	RMB Nil	5%
New Look France SAS	EUR Nil	3 month Euribor plus 2.5% margin

All other amounts owed by Group undertakings are interest free. All amounts owed by Group undertakings are unsecured and are repayable on demand.

During the period ended 30 March 2019, the Company has recognised an impairment charge of £287,178,000 (2018: £132,581,000) in relation to the amounts owed by Group undertakings listed above as well as New Look Holdings (France) SAS, Cenzora Enterprises Limited, New Look Senior Issuer Plc, New Look Secured Issuer Plc, New Look Retail Group Limited, Top Gun Midco Limited, Top Gun Bidco Limited, New Look Finance II Limited, New Look Bondco I Limited and New Look Overseas Limited. The Directors do not believe these amounts to be recoverable based on the recent and current performance of these companies.

During the period ended 30 March 2019, the Company waived £44,074,000 in relation to the amounts owed by New Look Commerce (Shanghai) Co. Limited of which £33,102,000 was previously impaired.

17. Trade and other payables

	As at	
	30 March 2019	24 March 2018 restated
	£'000	£'000
Current		
Trade creditors	81,414	94,089
Amounts owed to Group undertakings	180,421	126,811
Other taxation and social security	3,580	3,374
Other creditors	864	565
Accruals	59,226	69,864
Interest accrual	3,057	1,573
Deferred income – lease incentives	8,247	9,568
Deferred income – gift cards	16,030	18,630
Deferred income - other	614	482
	353,453	324,956
Non-current		
Deferred income – lease incentives	38,632	50,705
Liability for cash-settled share-based payments	-	1,013
	38,632	51,718

Trade and other payables have been restated in the prior period to reflect a £5,752,000 increase, see note 16.

Amounts owed to Group undertakings include interest bearing balances as follows:

Entity	Balance at 30 March 2019	Interest basis
New Look Retailers (Ireland) Limited	EUR 11,242,000	3 month Euribor plus 2.5% margin
New Look Retailers (CI) Limited	GBP 9,431,000	3 month Libor plus 2.5% margin

All other amounts owed to Group undertakings are interest free. All amounts owed to Group undertakings are unsecured and are repayable on demand.

The Company's core operating bank provide operating facilities to the Group's suppliers totalling £85,000,000 (2018: £85,000,000). 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 £53,731,000 (2018: £56,421,000), supplier invoice financing of £14,268,000 (2018: £20,208,000) and £359,000 (2018: £260,000) of other trade facilities were outstanding under these arrangements.

18. Borrowings

	As at	
	30 March 2019	24 March 2018
	£'000	£'000
Revolving credit facility	-	100,000
Bank overdraft	15,000	-
Bridge facility	86,275	-
	101,275	100,000

During the period ended 30 March 2019, the Company fully drew down its available bank overdraft of £15,000,000.

During the period ended 30 March 2019, the Company secured short term financing in the form of a bridging loan with a sterling equivalent of £80,000,000 committed on 22 January 2019 and drawn on 28 January 2019. There is a premium of £10,000,000 on the bridge facility in addition to the floating rate interest. As at 30 March 2019 £6,421,000 of this had accreted under the effective interest rate method. 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.

During the financial period, as part of the restructuring transaction, consents required to increase the general indebtedness basket in the notes indentures from £60,000,000 to £80,000,000 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 £80,000,000 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 the Company, '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 28 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
 - 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;

On 15 March 2019, the revolving credit facility was novated to another Group company.

19. Derivative financial instruments

	As at	
	30 March 2019	24 March 2018
	£'000	£'000
Current assets		
Embedded foreign currency derivatives at fair value through income statement	157	601
	157	601

	As at	
	30 March 2019	24 March 2018
	£'000	£'000
Current liabilities		
Foreign currency contracts – cash flow hedges	(3,195)	(19,781)
Embedded foreign currency derivatives at fair value through income statement	(130)	-
	(3,325)	(19,781)

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

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

Movement in fair values

	Foreign currency contracts	Embedded derivatives	Total
	£'000	£'000	£'000
Fair value at 25 March 2017	16,762	129	16,891
Fair value (loss)/gain through income statement	(2,738)	472	(2,266)
Fair value loss to reserves	(33,805)	-	(33,805)
Fair value at 24 March 2018	(19,781)	601	(19,180)
Fair value gain/(loss) through income statement	241	(574)	(333)
Fair value gain to reserves	16,345	-	16,345
Fair value at 30 March 2019	(3,195)	27	(3,168)

20. Provisions

	Onerous lease provisions	Dilapidations provisions	Onerous contracts	CVA provisions	International exit provisions	Group reorganisation provisions	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 24 March 2018	599	629	133	2,810	-	-	4,171
Arising in the period	4,704	155	-	1,284	5,118	2,235	13,496
Utilised in the period	(1,867)	(264)	(133)	(2,744)	-	-	(5,008)
Reversal of unused amounts	(47)	(221)	-	-	-	-	(268)
As at 30 March 2019	3,389	299	-	1,350	5,118	2,235	12,391

	As at	
	30 March 2019	24 March 2018
	£'000	£'000
Current	9,406	3,571
Non-current	2,985	600
	12,391	4,171

Onerous lease provisions

The 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 and management have made an assumption that the budgeted forecasts will be achieved. If store performance was 5% worse than budgeted, the onerous lease provision would increase by £219,000. The provisions are estimated to be used over one to 101 months. Future operating losses are not provided for.

Dilapidations provisions

The dilapidations provision of £299,000 (2018: £629,000) is expected to be utilised over one to 12 months.

Onerous contracts

During the period ended 24 March 2018, a provision of £5,697,000 was recognised in relation to onerous contracts as a result of the aborted move to the new London head office. £133,000 (2018: £5,564,000) of this has been utilised within the period.

CVA provisions

During the period ended 24 March 2018, the Company 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 store portfolio. The Company identified 60 stores for potential closure, together with a further 6 sites which are sub-let to third parties. As a result the Company recognised a £2,810,000 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 Company has recognised a provision of £5,118,000 in respect of costs that the Company may be liable for relating to certain existing contracts. 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 Company recognised a £2,235,000 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.

21. Capital and other commitments

The Company had the following capital commitments, inclusive of the cost of bringing newly committed properties to a useable condition:

	As at	
	30 March 2019	24 March 2018
	£'000	£'000
Amounts authorised and contracted	6,881	6,987

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

	As at	
	30 March 2019	24 March 2018
	£'000	£'000
Within one year	88,307	98,059
Between one and five years	262,467	281,979
After five years	174,497	175,986
	525,271	556,024

If the rent for CVA stores increased 5% at the end of the CVA period, future minimum rentals payable would increase by £7,340,000.

The Company has entered into operating leases in respect of warehouses and retail stores. Contingent rentals are payable on certain retail store leases based on store revenues.

At the balance sheet date, total future payments expected to be received under non-cancellable sub-leases were £155,200 (2018: £506,000).

22. Share based payments

Employee Shareholder Status (ESS) scheme

In September 2015, key personnel in the Company 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 SE 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 SE'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.

22. Share based payments (continued)**Employee Shareholder Status (ESS) scheme (continued)**

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

	As at	
	30 March 2019	24 March 2018
	Number of Share options	Number of Share options
Outstanding at the beginning of the period	47,000	59,500
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	11
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.

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 options (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 £3,135,000 (2018: £19,600,000) 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. 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 Company 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 SE 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 SE'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 cost for unvested shares, whereas bad leavers only receive cost on both vested and unvested shares.

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

	As at	
	30 March 2019	24 March 2018
	Number of Share options	Number of Share options
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	37
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 date of grant for all grants made during the period 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 options (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 options (years)	3.04 to 6.09
Dividend yield (%)	0.00
Risk-free interest rate (%)	0.24 to 1.09
Leaver rate	0.00%

22. 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 £549,000 (2018: £539,000) 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 £1,153,000. During the period ended 24 March 2018 a charge of £74,000 was recognised in the income statement.

Effect on financial statements

The effect of accounting for share based payments, in accordance with IFRS 2 'Share based payments', on the Company's profit before taxation for the period is as follows:

	As at	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Equity-settled share-based payment charge	3,684	20,139
Cash-settled share-based payment (credit)/charge	(1,153)	74
Total share-based payment charge	2,531	20,213

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.

23. Share capital

	As at	
	30 March 2019	24 March 2018
	£'000	£'000
Allotted and fully paid:		
1,000 ordinary shares of £1 each (2018: 1,000)	1	1

24. Dividends paid

	As at	
	53 weeks ended 30 March 2019	52 weeks ended 24 March 2018
	£'000	£'000
Dividends paid to New Look Limited	-	632

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.

25. Pension arrangements

The Company made contributions to personal pension plans on behalf of employees. The total contributions payable to these schemes for the period was £2,710,000 (2018: £2,063,000). At 30 March 2019, £317,000 (2018: £299,000) was outstanding in respect of contributions payable to these pension schemes.

26. Related party transactions

Transactions with private equity investors

On 10 May 2018, the Company and Brait Capital International Limited ('BCIL') entered into a Debtor Purchase Agreement ('Agreement'). The terms of the Agreement allow the Company 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 the Company. As at 30 March 2019, the Company had sold and assigned £78,682,000 of invoices to BCIL, of which £14,376,000 remains outstanding.

Transactions with Directors

As at 30 March 2019, the Company 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 of the ultimate parent undertaking have significant influence. Charges of £256,000 (2018: £442,000) have been recognised through the income statement in the current financial period for these leases.

There were no other related party transactions which require disclosure in accordance with IAS 24 'Related party disclosures'.

As a result of the restructuring transaction Brait SE ceased to be a related party from 3 May 2019 as the Company was sold to another ultimate controlling party, see note 29.

27. Guarantees and contingent liabilities

The Group has a multi-currency revolving credit facility (RCF) for £100,000,000 to which the Company is a party to a cross guarantee and hence has pledged certain assets as security for the RCF. The RCF has a final termination date of 25 June 2021.

The revolving credit facility was subject to quarterly covenant leverage reporting on an annualised basis which began on the quarter ending 25 June 2016. The covenant measure ceased to be applicable from 6 March 2018 due to the amendments to the RCF as a result of the CVA. There were no breaches to covenants up to 6 March 2018.

To establish the relative rights of creditors under the Group's financing arrangements, the Company entered into an Intercreditor Agreement on 25 June 2015 with the Senior Facility Agent, the Senior Lenders, the Operating Facility Lenders, the Hedge Counterparties, the Debtors and Deutsche Bank AG, London Branch acting as Security Agent and others. The Intercreditor Agreement is governed by English law and sets out the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

The Company is part of the guarantor group under the financing arrangements and as such is an obligor to the debenture.

In addition to the assets disclosed within the notes to the financial statements, cash and cash equivalents with a carrying amount of £58,738,000 (2018: 27,847,000) are pledged as security for the RCF.

The Company 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.

28. 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	-

28. Events after the reporting period (continued)**Financial restructure (continued)**

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, the Company made fortnightly drawdowns from the loan funds into operational cash in line with the facility agreement, see note 18.

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.

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 the Company, who in turn used the funds to repay the £80.0 million bridge facility and settle transaction costs;
- £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 the main trading and cash generating company within the Group, the Company is responsible for servicing the Group's debt, therefore the restructuring results in a material reduction in this requirement. The Company is a guarantor under the new indenture.

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, amounts owing by the Company to New Look Finance Limited were waived and New Look Finance Limited was placed into liquidation.

On 17 June 2019, the NMB proceeds loaned from New Look Bonds Limited to the Company, was contributed to New Look Limited, a subsidiary of New Look Bonds Limited and the immediate parent of the Company, in exchange for shares issued at a premium.

On 17 June 2019, New Look Limited contributed an intercompany receivable due from Geometry Properties to the Company in return for the allotment and issue of two £1 ordinary shares. Subsequently, New Look Limited released the Company from all intercompany amounts owing in return for the allotment and issue of two £1 ordinary shares issued at a premium.

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.

On 20 June 2019, the Company undertook a share capital reduction, cancelling £166,430,780.51 of share premium, resulting in a credit to accumulated profits.

On 20 June 2019, the Company capitalised £50,166,000 of accumulated profits and applied that amount to issue a £1 ordinary bonus share to New Look Limited. The Company undertook a second share capital reduction, cancelling £50,165,999 of share premium, resulting in a credit to accumulated profits.

As a result of the share capital reductions, the Company's total assets now exceed total liabilities.

29. Ultimate parent undertaking and controlling party

The immediate parent undertaking is New Look Limited, a company incorporated in England and Wales.

The ultimate controlling party is Brait SE which holds approximately 80% of the issued share capital of Top Gun Bidco Limited, which is a holding company registered in Jersey. 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.

Following completion of the transaction, from 3 May 2019, the ultimate controlling party is New Look Retail Holdings Limited, a company incorporated in Jersey.

Copies of the financial statements of New Look Retail Group Limited 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.

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FORWARD—LOOKING STATEMENTS

This annual report contains 'forward—looking statements' within the meaning of the securities laws of certain jurisdictions, including statements under the captions 'Overview', 'Strategic report', our 'Business model', 'Year in review', 'Financial review', 'Risks & uncertainties' and in other sections of this annual report. In some cases, these forward—looking statements can be identified by the use of forward—looking terminology, including the words 'believes', 'could', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'continue', 'ongoing', 'potential', 'predict', 'project', 'target', 'seek', 'should' or 'would' or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward—looking statements include all matters that are not historical facts. They appear in a number of places throughout this annual report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate.

By their nature, forward—looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward—looking statements are not guarantees of future performance. You should not place undue reliance on these forward—looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward—looking statements contained in this annual report.

These risks and others described under 'Risks & Uncertainties' are not exhaustive. Other sections of this annual report describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industry in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward—looking statements. Given these risks and uncertainties, you should not rely on forward—looking statements as a prediction of actual results.

Any forward—looking statements are only made as of the date of this annual report and we do not intend, and do not assume any obligation, to update forward—looking statements set forth in this annual report. You should interpret all subsequent written or oral forward—looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this annual report. As a result, you should not place undue reliance on these forward—looking statements.



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