



Le Chameau Holdings Limited
Annual Report and Financial Statements
For the Year Ended
31 December 2019



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Strategic Report

Background and principal objective

Le Chameau Holdings Limited ("LCHL" or the "Company") is the holding entity for the Le Chameau operating business.

In 2012, the Company purchased the Le Chameau operating business by acquiring Le Chameau Holdings SAS and its subsidiaries ("Le Chameau" or the "Business"), the premium manufacturer of country boots. The principal activity of the Company is as a holding company for the Le Chameau business.

Master bootmakers since 1927

Founded in France in 1927, Le Chameau has over 90 years of heritage making high quality rubber boots. Le Chameau boots are the only rubber boots to be handmade by a single master bootmaker, a Le Chameau Maître Bottier. Hand-made, in a range of iconic and innovative styles, using the highest quality materials, each pair is unique. Our boots are made with a unique combination of traditional skills and technical innovation which has kept us at the forefront of our craft. Over time, technology, flair and craftsmanship have created desirable town and country collections. Discerning men and women all over the world are devotees of Le Chameau boots.

Mission

- To be a desirable country and lifestyle brand that helps people enjoy their country pursuits even more;
- To invest in building new capabilities and propositions that drive sustainable revenue growth and scale, increasing margin and balancing sales across the year;
- To facilitate long-term growth through an omni-channel business, providing a consistent, pro-active and service-led experience for customers;
- To expand reach and deepen relationships through direct channels and grow our international business;
- To leverage investment in integrated technologies to improve customer experience, realise the potential of our inventory, and empower sales and marketing teams

Group financial review

In the year to 31 December 2019, the Group generated reported revenue on continuing operations of £12.2 million (2018: £12.4 million) leading to gross profit of £6.2 million (2018: £6.8 million).

The Group's key financial and other performance indicators during the year were as follows:

	2019 £m	2018 £m	% change
Revenue	12.2	12.4	-1.6%
Gross Profit	6.2	6.8	-8.8%
Gross Margin %	50.7%	54.9%	-7.7%
EBITDA before exceptional and impairments	(4.3)	(4.2)	-2.0%

Business Review

2019 has been a pivotal year for Le Chameau. Over the last 5 years, the business has undertaken a fundamental restructuring of its operating and manufacturing base which has culminated in a strategic partnership with Bradshaw Taylor, a leading distributor of Schöffel Country, specialist outdoor and country clothing and equipment brand in the UK and Europe. Bradshaw Taylor's Managing Director, Corry Taylor, has been appointed as Le Chameau CEO. As Schöffel is the market leader in premium clothing in Le Chameau's key markets and there is significant overlap between the key customers in all our markets we believe the partnership provides significant potential for revenue growth. In addition,

there are significant operating synergies which will significantly improve the business' ability to achieve profitability and positive cash generation.

Against this backdrop, the Group was pleased to maintain sales broadly in line with 2018, including revenue growth in the direct-to-customer ("D to C") channel of 61% on prior year, accounting for 25% of all revenue (2018: 15%), demonstrating positive gains from prior year investments in technology and marketing operations, and cementing further the potential for growth in this area during 2020.

Media and influencer support both online and in traditional media has been very significant across our core markets driving greater awareness of the brand and reinforcing its position as the premium country and outdoor brand in its category. As such the Group will continue to invest in its digital marketing strategy and in growing its social media presence.

Our rubber boots are handmade in our factory in Morocco which remains a key component to our premium positioning. There is a long-term rolling programme of process and operational improvement in place with the aim of driving enhanced production efficiency, quality control and margin improvement. We remain committed to Morocco and our excellent workforce and are grateful for their ongoing hard work and support.

Governance

The Board remains committed to adhering to a high standard of corporate governance commensurate with the nature and size of the business's operations. During the year the Board worked closely with the Le Chateau management team to tailor the information presented to the board and the regularity of this reporting. At monthly operational board meetings, high quality board packs providing up-to-date management information including risk registers, monthly updates, KPI analysis, sales and marketing updates and finance updates are presented. This information is continually commented on and modified to reflect the evolving business.

Principal risks and uncertainties

The Board has identified the principal risks impacting the Group and is committed to enhancing and evolving its risk management systems.

Financial risk

The Group's assets, earnings and cash flows are exposed to a variety of financial risks. These risks include the availability of funds to meet the Group's operating and financing requirements and fluctuations in interest and foreign exchange rates operating across jurisdictions. The management of financial risks is further detailed in note 16 to the financial statements.

Operational risk

The Group faces a number of operational risks relating to the manufacture and sales of its rubber boots and other product lines. The Group is reliant on different systems, machinery, equipment, suppliers of raw materials, and people; and the impact of failure in any one element may have a knock-on effect on other elements of the production and sales process.

Operational interruptions resulting from accidents, system interruptions or damage to plant, machinery and equipment, or the failure of a supplier to deliver the quality or quantity of raw materials on time, may also adversely affect the Group's operations and financial performance.

To mitigate these risks, the Group has put in place preventative maintenance programmes, regular monitoring of operational performance, controlled processes over the management of raw materials, strong oversight of outside providers and comprehensive insurance.

The Group is dependent on its manufacturing operations in Morocco which is partially mitigated by a positive relationship with employees and the local union, and the higher levels of finished goods stock.

Health, safety and environmental compliance are also considered key priorities in the Group's operations and are regularly monitored by the leadership team.

The outbreak and continuing spread of the novel coronavirus ("COVID-19") has potential to significantly impact the business, in particular the Business to Business ("B to B") channel with the closure of many

retailers and shops in the lockdown period. The business is taking all necessary steps to limit the financial impact and safeguard the welfare of its employees.

Changes to legislation and regulation

The Group is subject to local regulation and regulatory change which may impact its future performance. Local management is responsible for ensuring compliance with local regulations. Where appropriate, operational procedures are established to provide a compliance framework for each location. Management monitors regulatory and legal developments at a local and national level and participates in industry forums through membership of trading bodies. In particular, management is working on plans to mitigate the risks of likely Brexit scenarios.

The uncertainty over Brexit poses a number of risks to the group. The potential to impact the economy through inflation, weaker sterling exchange rates, and lowering consumer confidence, may lead to lower consumer demand for luxury products, trade reluctance to purchase and hold stocks, particularly in new product lines such as apparel and leather boots, and increased pressure for discounting in the trade to stimulate demand. In the case of a no-deal Brexit, there is a risk of customs bottlenecks delaying the transport of rubber boots and fully manufactured goods through or from Europe leading to lost sales as well as a risk on duties on product imported into the UK. A no-deal Brexit also presents the risk of duties applied to the export of our products from the UK to the EU which would increase costs.

Although regulatory change in the luxury goods industry occurs relatively slowly, the Group must ensure that it adequately addresses the impact of any change in tax position of the Group's companies and other cross-border regulation amendments that may be relevant to the nature of the Group's operations.

Outlook

Le Chameau has great potential to build on its heritage as a premium manufacturer of rubber boots to become a leader in premium country boots and accessories. There are few brands in this market with the history, reputation and devoted following that Le Chameau enjoys.

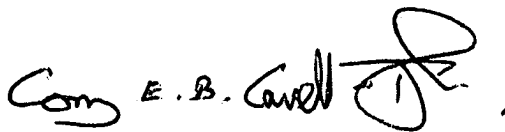
The executive team, with the full support of shareholders and the board of directors, have ambitious plans to grow the brand in its core UK, European and North American markets, through both B to B and D to C channels.

The Covid-19 outbreak will have an impact on the 2020 sales plans. However, the business will continue to implement the new business plan developed as part of the strategic partnership with Bradshaw Taylor, including the integration of logistics, finance and administrative functions into Bradshaw Taylors' existing infrastructure and platforms which will provide significant operational cost savings going forwards. There is a long-term rolling programme of process and operational improvement in place at the manufacturing operation in Morocco with the aim of driving enhanced production efficiency, quality control and margin improvement.

There will be continued investment in innovation with a proactive expansion in its core markets and into new markets to provide best-in-class country footwear.

The executive team has ambitious plans for the future and plans carefully, in close coordination with its shareholders, to meet exciting growth targets and the challenge of competitor activity while taking account of the pace of change in its traditional markets, its financial and human resources.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Corry E.B. Cavell-Taylor', followed by a stylized flourish.

Corry Cavell-Taylor

Director

10 June 2020

Governance | Directors' Report

The Directors present their report, together with the consolidated audited financial statements, for the year ended 31 December 2019.

General information

The Company was incorporated and is domiciled in the UK. The address of the registered office is 16 Mill Street, Oakham, Rutland, England, LE15 6EA. Le Chateau Holdings Limited is focussed on delivering value through the Le Chateau brand.

On 22 November 2019 50% of the share capital was sold to Bradshaw Taylor Holdings Limited ("Bradshaw Taylor"). The remaining 50% of the shares are ultimately controlled by Marwyn Value Investors LP ("MVI"). There is no single ultimate controlling party.

Principal activity and business review

The Board of Directors is required under section 417 of the Companies Act 2006 ("UKCA 2006") to present a fair review of the business of the Group during the financial year ended 31 December 2019 and its future developments, the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group. The information that fulfils the requirements of section 417 can be found in the Chairman's Statement, Strategic Report and this Directors' Report and are incorporated in this review by reference.

Results and dividends

For the year ended 31 December 2019, the Group's loss before tax on continuing operations was £12.1 million (2018: loss £6.5 million). Dividends will be paid to shareholders when there are sufficient distributable reserves and the Directors believe it is appropriate and prudent to do so. No dividends have been recommended for the year ended 31 December 2019 or the prior year.

Directors

The following Directors served during the year and up to the date of the signing of the financial statements:

James Mceuen (appointed 22 November 2019)	Executive Director
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Corry Cavell-Taylor (appointed 22 November 2019)	Executive Director
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James Corsellis (resigned 22 November 2019)	Executive Director
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Mark Brangstrup Watts (resigned 22 November 2019)	Executive Director
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Silvercloud Holdings Limited formerly named Marwyn LC Holdings Limited (appointed 22 November 2019)

Directors' interests

There were no contracts or share schemes existing with the Company during or at the end of the year in which any Director is, or was, materially interested in which are, or were, significant in relation to the business of the Company.

The Company has throughout the year and at the date of approval of the financial statements had third party indemnity and liability insurance for its Directors and Officers in place against any financial consequences of actions which may be brought against them by third parties for their acts or omissions in the course of the performance of their duties as Directors or Officers of the Company.

Employees

The Group recognises the importance of employee involvement in the operation and development of its businesses. Senior employees are given autonomy within the Group structure to enable management to be fully accountable for their own actions and gain maximum benefit from local knowledge. The Group is committed to providing equal opportunities for individuals in all aspects of employment.

Political Donations

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

Significant contracts with related parties

Le Chateau has entered into a corporate finance advisory agreement with Marwyn Capital LLP ("Marwyn Capital"), pursuant to which Marwyn Capital provided strategic and corporate advice and office services to the Company during the year. The Company has also entered into an agreement with Axio Capital Solutions Limited to provide company secretarial, administrative and accounting services to the Company and certain subsidiaries in the Group. Amounts paid and payable under these agreements are set out in note 24 to the financial statements.

Le Chateau has also entered into loan agreements with its significant shareholder Silvercloud Holdings Limited as disclosed in note 16 to the financial statements.

At no time during the year did any Director hold a material interest in any other contract of significance with the Company or any of its subsidiary undertakings other than the service contracts between each Director and the Company.

Health & safety and environmental matters

The safety of our customers and staff is our highest priority. We focus on eradicating unsafe acts and practices and continually seek to develop ways to actively engage employees in ensuring best practice in all areas of health and safety across all of our businesses.

Senior management of the operating business monitor health and safety risks and has a health and safety committee that meets quarterly. Health and safety standards and benchmarks have been established and performance is closely monitored through Safety Key Performance Indicators.

A strong Corporate Social Responsibility (CSR) culture is important to any business. It drives businesses to improve performance resulting in better employee engagement, improved customer service and higher business efficiency. CSR is also about ensuring the Group helps tackle some of the wider challenges we face as a society including congestion, resource use and climate change. The Group is fully committed to playing its part in meeting these challenges.

Employment policies

It is the policy of the Group to consider the health, welfare and well-being of employees by maintaining safe places and systems of work. The Group's employment policies are regularly reviewed by local management to ensure they remain effective. These policies promote a working environment which underpins the recruitment and retention of professional and conscientious employees, and which improves productivity in an atmosphere free of discrimination. The Group is committed to giving full and fair consideration to all applicants for employment who are disabled and for continuing the employment of those who become disabled while employed.

Training is also a priority and is a focus of considerable effort. Employees are consulted and involved in the development of the Group in a number of ways which include regular briefings, team updates, workers council and announcements.

Going concern

The Directors have reviewed the Group's budget, its liquid resources, sales forecasts and its medium-term plans. There are two long term (7 year) loans in place, totalling of £7.0 million provided by its significant shareholder, Silvercloud Holdings Limited.

The outbreak and continuing spread of the novel coronavirus ("COVID-19") and the related disruption to the worldwide economy are affecting companies across all industries. While noting that the ultimate effects may be difficult to quantify at this time, the Directors have reviewed various scenarios and its impact on cash flows due to reduction in revenue. Whilst sales for the B to B channel will be impacted, the expectation is that the D to C channel will continue to generate revenue whilst they are still able to operate. The directors are reviewing Government financial support packages available to the Company as well as other sources of finance funding, should there be an adverse financial impact of COVID-19.

The Group has received a letter of support from Marwyn Value Investors LP ("MVI"), confirming that it is their current intention to continue to support the business for the twelve months from the date of this report. Based on these factors, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

Post balance sheet events

For the Group, the global outbreak of COVID-19 is deemed to be a non-adjusting post balance sheet event as at 31 December 2019 and therefore no adjustments have been made in these financial statements for COVID-19.

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

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

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

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

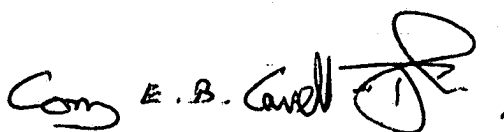
Independent auditors and disclosure of information to auditors

In accordance with Companies Act 2006, all Directors in office as at the date of this report have confirmed:

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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

On behalf of the Board



Corry Cavell-Taylor

Director

10 June 2020

Independent auditors' report to the members of Le Chameau Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Le Chameau Holdings Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements 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
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2019; the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Emily Greybrook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 June 2020

Group Financial Statements | Consolidated Statement of Comprehensive Income For the year ended 31 December 2019

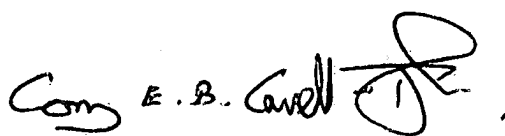
		For the year ended 31 December 2019 £'000	For the year ended 31 December 2018 £'000
	Notes		
Revenue	3	12,164	12,419
Cost of sales	4	(5,996)	(5,600)
Gross profit		6,168	6,819
Administration expenses	4	(11,691)	(11,970)
Impairment loss	4	(2,489)	(674)
Exceptional costs	21	(4,117)	(110)
Operating loss		(12,129)	(5,935)
Finance costs	8	(170)	(554)
Loss for the year before income tax		(12,299)	(6,489)
Income tax expense	7	(34)	(65)
Loss for the year		(12,333)	(6,554)
Total other comprehensive (loss)/income which will or may be reclassified subsequently to profit or loss			
– Exchange differences on translation of foreign operations		(837)	136
Total other comprehensive (loss) /income		(837)	136
Total other comprehensive loss for the year, net of tax		(13,170)	(6,418)

The notes on pages 15 to 39 form an integral part of these consolidated financial statements.

Group Financial Statements | Consolidated Statement of Financial Position As at 31 December 2019

		31 December 2019 £'000	31 December 2018 £'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,205	2,910
Right-of-use-assets	11b	665	-
Intangible assets	9,10	168	2,900
Other non-current financial assets	17	272	473
Total non-current assets		3,310	6,283
Current assets			
Inventories	12	7,434	7,480
Trade and other receivables	13	3,511	5,275
Cash and cash equivalents		5,805	1,980
Total current assets		16,750	14,735
Total assets		20,060	21,018
EQUITY AND LIABILITIES			
Equity			
Share capital	19	575	552
Share premium	19	40,481	38,237
Other reserves	20	(406)	431
Accumulated losses		(34,834)	(22,501)
Total equity		5,816	16,719
Non-current liabilities			
Loans and borrowings	16	7,000	-
Retirement benefit obligations	15	115	103
Lease liabilities	18	485	-
Total non-current liabilities		7,600	103
Current liabilities			
Trade and other payables	14	3,156	3,419
Current tax liability		12	66
Lease Liabilities	18	178	-
Provisions for other liabilities and charges	23	3,298	711
Total current liabilities		6,644	4,196
Total liabilities		14,244	4,299
Total equity and liabilities		20,060	21,018

The notes on pages 15 to 39 form an integral part of these consolidated financial statements. The financial statements on pages 11 to 39 were approved by the Board of Directors of Le Chateau Holdings Limited, incorporated in England with registered number 08201708, on 10 June 2020 and were signed on its behalf by:


Corry Cavell-Taylor
Director

Group Financial Statements | Consolidated Statement of Changes in Equity For the year ended 31 December 2019

	Share Capital £'000	Share Premium £'000	Other reserves £'000	Accumulated losses £'000	Total Equity £'000
Year ended 31 December 2019					
Total equity at 1 January 2019	552	38,237	431	(22,501)	16,719
Issue of Share capital	21	2,072	-	-	2,093
Capitalisation	2	172	-	-	174
Cancellation of Ordinary Shares	(575)	-	-	-	(575)
Issue of A ordinary Shares	287	-	-	-	287
Issue of B Ordinary Shares	287	-	-	-	287
Loss for the year	-	-	-	(12,333)	(12,333)
Currency translation differences	-	-	(837)	-	(837)
Total comprehensive loss	-	-	(837)	(12,333)	(13,170)
Total equity at 31 December 2019	575	40,481	(406)	(34,834)	5,816

	Share Capital £'000	Share Premium £'000	Other reserves £'000	Accumulated losses £'000	Total Equity £'000
Year ended 31 December 2018					
Total equity at 31 December 2017	166	-	295	(16,100)	(15,639)
Adoption of IFRS 9	-	-	-	153	153
Total Equity at 1 January 2018	166	-	295	(15,947)	(15,486)
Capitalisation	386	38,237	-	-	38,623
Loss for the year	-	-	-	(6,554)	(6,554)
Other comprehensive income:					
Currency translation differences	-	-	136	-	136
Total comprehensive loss	-	-	136	(6,554)	(6,418)
Total equity at 31 December 2018	552	38,237	431	(22,501)	16,719

The notes on pages 15 to 39 form an integral part of these consolidated financial statements.

Group Financial Statements | Consolidated Cash Flow Statement For the year ended 31 December 2019

	Group Year ended 31 December 2019 £'000	Group Year ended 31 December 2018 £'000
Cash flows from operating activities		
Operating loss	(12,129)	(5,934)
Adjustments for:		
Depreciation	722	425
Amortisation	465	497
Impairment of goodwill	505	674
Impairment of intangibles, property, plant and equipment	1,984	-
Increase in inventories	46	(823)
(Increase)/ decrease in trade and other receivables	1,764	23
Increase / (decrease) in provisions	2,587	(408)
(Increase)/ decrease in non-current assets	201	33
Increase/ (decrease) in trade and other payables	(262)	212
Increase/ (decrease) in tax liability	(54)	56
Increase/(decrease) in retirement benefit obligations	12	13
Impact of initial recognition of IFRS 9 on retained earnings	-	153
Principal elements of lease payments	(75)	-
Interest paid	(96)	(554)
Tax paid	(34)	(65)
Cash outflow from operations	(4,364)	(5,698)
Cash flow from investing activities		
Purchase of intangibles assets	(4)	-
Purchase of property, plant and equipment	(87)	(254)
Net cash outflow from investing activities	(91)	(254)
Cash flow from financing activities		
Net proceeds from issue of share capital	2,267	38,623
Cash payments of lease liabilities	(312)	-
Proceeds from borrowings	7,000	(34,106)
Net cash inflow from financing activities	8,955	4,517
Effect of exchange rate on cash and cash equivalents	(675)	20
Net decrease in cash and cash equivalents	3,825	(1,415)
Cash and cash equivalents at beginning of the year	1,980	3,395
Cash and cash equivalents at the end of the year	5,805	1,980

The notes on pages 15 to 39 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements As at 31 December 2019

1. Reporting entity

Le Chateau Holding Limited ("LCHL" or the "Company") is a private Company limited by shares incorporated and domiciled in the UK. The address of the registered office is 16 Mill Street, Oakham, Rutland, England, LE15 6EA. The Company is focussed on delivering shareholder value through its operating business Le Chateau.

2. Accounting policies

a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006, as applied to companies reporting under IFRS. The consolidated financial statements for the year ended 31 December 2019 have been prepared under the historical cost convention and using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The significant accounting policies that have been used in the preparation of these financial statements are summarised below and have been applied consistently for both periods presented other than where new accounting policies have been adopted. The financial statements have been prepared in accordance with IFRS Interpretations Committee (IFRS IC) interpretations.

The Group financial statements have been prepared on a going concern basis under the historical cost convention. The Group is in a net asset position of £5,816,000 (2018: £16,719,000) and has net current assets of £10,106,000 at the balance sheet date, (2018: £10,539,000). The Directors have reviewed the Group's budget, its liquid resources, sales forecasts and its medium-term plans. There are two long term (7 year) loans in place, totalling of £7.0 million provided by its significant shareholder, Silvercloud Holdings Limited. The Group has received a letter of support from Marwyn Value Investors LP ("MVI"), confirming that it is their current intention to continue to support the business for the twelve months from the date of this report. Based on these factors, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2 (c) below.

b) Functional and presentation currency

The Group financial statements are presented to the nearest thousand in pounds sterling, which is the Company's functional and the Group's presentational currency.

Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined with the foreign currency differences arising on retranslation are recognised in profit and loss. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

The net investments in overseas subsidiary undertakings are translated from their functional currency into sterling at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to the translation reserve which is included in other reserves on the Consolidated Statement of Financial Position.

Notes to the Consolidated Financial Statements As at 31 December 2019

c) Use of estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill and other non-current assets (estimate and judgements)

The Group determines whether goodwill and indefinite life intangibles are impaired on an annual basis or more frequently if there are indicators of impairment. Other non-current assets are tested for impairment if there are indicators of impairment. Impairment testing requires an estimate of future cash flows and a suitable discount rate. These calculations require the use of estimates which are inherently judgmental and susceptible to change because they require the Group to make assumptions about future supply and demand, economic and market conditions. The carrying value of the Group's goodwill and intangible assets and the key parameters for the assumptions used are disclosed in notes 9 and 10 respectively.

d) Basis of consolidation

(i) Subsidiaries

The financial information comprises the financial information of the Group and its subsidiaries as at 31 December 2019. Subsidiaries are entities controlled by the Group. The financial information of subsidiaries is included in the Group's financial statements from the date that control commences until the date that control ceases. The trading results of companies acquired during the year are accounted for under the acquisition method of accounting. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Subsidiaries are entities over which the Group has power to govern the financial and operating policies of the subsidiary. The cost of acquisition is measured as the fair value of assets given, equity instruments issued, and liabilities incurred. The identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any minority interest. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group. There were no entity acquisitions during the year.

(ii) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised as an intangible asset.

The carrying value of goodwill is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate a potential impairment, by reference to the relevant cash generating unit (CGU) and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the consolidated statement of comprehensive income and is not subsequently reversed.

e) Revenue recognition

The Group derives revenue from the transfer of goods. Revenue recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed or over time as control of the performance obligation is transferred to the customer.

f) Exceptional expenses

The Directors regard as exceptional those items which are both material and non-recurring in nature or are sufficiently material (in aggregate) and of a non-operating nature that separate disclosure is necessary for users properly to understand the performance of the Group. Exceptional items therefore include:

Notes to the Consolidated Financial Statements As at 31 December 2019

- ☛ Restructuring costs
- ☛ Related provisions for restructuring
- ☛ Costs related to legal cases

These categories form a framework for presentation going forward, and the Directors will continually assess whether other significant items that may arise in the future are exceptional or not.

g) Intangible assets

Intangible assets purchased separately are capitalised at cost and those with finite lives are amortised on a straight-line basis over their useful economic lives. Intangible assets acquired through a business combination are capitalised separately from goodwill at their fair values on initial recognition. After initial recognition, intangible assets acquired as part of a business combination are carried at cost less accumulated amortisation, where relevant, and any impairment losses. Methods of amortisation, residual value and useful lives are reviewed and if necessary adjusted at each reporting date. Intangible assets with indefinite useful lives are tested annually for impairment either individually or at the CGU level.

Any charge arising is presented in the consolidated statement of comprehensive income within amortisation of intangible assets. Amortisation is provided on intangibles with finite lives, on a straight-line basis over their expected useful life of ten years except as noted below:

- | | |
|-------------------------------|----------------------------|
| ☛ Premium on operating leases | over the term of the lease |
| ☛ Brands | over 20 years |
| ☛ Technology | over 5 years |

Premium on operating leases represents the premiums paid by the businesses to obtain an operating lease.

h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, on a straight-line basis over its expected useful life as follows:

- | | |
|-----------------------------|-------------------------------|
| ☛ Freehold land: | not depreciated |
| ☛ Freehold properties: | between 2% and 3% per annum |
| ☛ Short leasehold property: | over the term of the lease |
| ☛ Plant and equipment: | between 5% and 33% per annum |
| ☛ Fixtures and fittings: | between 25% and 33% per annum |

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed and adjusted if appropriate at each balance sheet date.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of comprehensive income in the year of de-recognition.

Notes to the Consolidated Financial Statements As at 31 December 2019

i) Inventories

Inventories are recognised at standard cost of production. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Provision is made as necessary for slow moving and defective stock.

j) Interest payable

Interest payable is charged as it accrues using the effective interest rate basis.

k) Leases

The Group has entered into lease agreements as the lessee, for various factory space, equipment and vehicles all of which were classified as operating leases in 2018. As explained in note 1q of these Financial Statements, the Group has changed its accounting policy for leases where the Group is a lessee. The new policy is described below and impact of the change in the accounting standard is disclosed in note 11b.

Until 31 December 2018, Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives from the lessor) were charged to Statement of comprehensive income on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are charged in the consolidated Statement of comprehensive income on a straight-line basis over the lease term.

Leases where the Group was exposed to a significant portion of the risks and benefits of ownership of the asset were classified as finance leases and the assets capitalised in the accounts and depreciated.

From 1 January 2019, leases are recognised as a Right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has elected to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of lease:

- Short-term leases with a term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and
- Leases where the underlying asset has a low value when new – this election can be made on a lease-by-lease basis.

Notes to the Consolidated Financial Statements As at 31 December 2019

Leases with Low-value assets comprise IT equipment and vehicles. These leases are recognised on a straight-line basis as an expense in comprehensive income.

l) Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

m) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI Criterion").

The Group initially measures trade receivables at the transaction price determined under IFRS 15. For other financial assets these are initially measured at their fair value plus transaction costs.

Subsequent measurement

For the purposes of subsequent measurement, all of the Group's financial assets are classified as financial assets at amortised cost. Financial assets at amortised cost comprise assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI Criterion. This category includes the Group's trade and other receivables and cash and cash equivalents. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses

Notes to the Consolidated Financial Statements As at 31 December 2019

and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group has not classified any assets as being financial assets at FVOCI or FVPL.

Derecognition

A financial asset is primarily derecognised and removed from the consolidated statement of financial position when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities comprise loans and borrowings and trade and other payables.

Subsequent measurement

The Group's payables, none of which are classified as financial liabilities at FVPL, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference is the respective carrying amount is recognised in the consolidated statement of comprehensive income.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the

Notes to the Consolidated Financial Statements As at 31 December 2019

original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs and recognises a loss allowance based on lifetime ECLs at each reporting date using a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

n) Share capital

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

o) Pensions

Subsidiaries of the Group operate a defined contribution pension scheme for certain employees. The costs of the pension funding are charged to the consolidated statement of comprehensive income as an expense as they fall due.

In France, employees receive a lump sum payment on retirement in accordance with contractual commitments. The full liability of such an obligation is calculated annually by a specialist local actuary incorporating assumptions including discount factor and future salary increases. All costs in relation to this benefit are included in the consolidated statement of comprehensive income in employee benefit expense, comprising the current service cost and unwinding of the discount. This liability and cost cover the Group's subsidiary, Le Chameau SAS.

p) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand.

q) Changes in accounting policies

New and amended standards

Standards, amendments and interpretations effective and adopted by the Group:

The accounting policies adopted in the presentation of the Consolidated Financial Statements reflect the adoption of IFRS 16 Leases for annual periods beginning on or after 1 January 2019, none of which had a material effect on the Group except as described below.

IFRS 16

The Group has adopted IFRS16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed under the lease accounting policy note above.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as operating lease' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The Group has elected to apply a single discount rate to a portfolio of leases with reasonably similar characteristics and all operating leases with a remaining lease term of less than 12 months as at 1 January 2019 are considered as short-term leases. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.6%.

Notes to the Consolidated Financial Statements As at 31 December 2019

Standards, amendments and interpretations issued but not yet effective:

The Group intends to adopt the following standards, amendments and interpretations, if applicable, when they become effective. Adopting these standards is not expected to have a material impact on the Group other than were disclosed below.

Standard	Effective date
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to References of the Conceptual Framework in IFRS Standards	1 January 2020
IFRS 14 Regulatory Deferral Accounts	To be confirmed*
Amendments to IFRS 3 Business Combinations	To be confirmed**
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	To be confirmed**
IFRS 17 Insurance Contracts	To be confirmed**

* the EU has decided not to endorse the interim standard and to wait for the final standard

** subject to EU endorsement

3. Revenue

Revenue, analysed geographically between markets, was as follows:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Europe	11,426	11,872
Rest of World	738	547
	12,164	12,419

4. Cost of sales and administration expenses

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Cost of Sales		
Staff costs – Direct labour	2,180	2,012
Cost of goods – bought in costs	2,890	2,555
Other Cost of sales – Production Overheads	926	1,033
	5,996	5,600

During the year, depreciation totalling £274k (2018: £316k) was included in Cost of Sales.

Notes to the Consolidated Financial Statements As at 31 December 2019

		Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Administration expenses	Note		
Staff costs	5	3,503	4,201
Logistics and distribution		1,713	1,707
Marketing		1,594	1,440
Administration expenses		2,481	3,167
Rent, rates and utilities		149	494
Other operating expense		520	722
Depreciation and amortisation		913	600
Stock provision*		1,259	-
Foreign exchange		(445)	(358)
Loss/(Gain) on disposal of assets		4	(3)
		11,691	11,970

For 2019 a stock provision of £1,259,000 was made following the strategic partnership with Bradshaw Taylor. The provision related to items that would be discontinued or phased out as a result of the partnership. This provision was in addition to the normal provision the business was holding for old and obsolete stock. It has been included in administrative expenses rather than cost of sales to provide a better comparative of the underlying operating performance to prior year. The provision relating to aged inventory in the normal course of business is included within cost of sales.

		Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Impairment losses	Note		
Impairment on goodwill	9	505	674
Impairment on intangibles – brand and technology	10	1,673	-
Impairment on property, plant and equipment	11	311	-
		2,489	674

Following the acquisition of 50% of the Company's issued share capital by Bradshaw Taylor on 22 November 2019 the Group performed an impairment review for goodwill and other intangible assets. Impairments were also carried out on the Pont D'Ouilly factory and on leasehold improvements related to the UK office following the exercising of the break clause in the lease with a termination date of May 2020.

Notes to the Consolidated Financial Statements As at 31 December 2019

5. Staff costs

Total staff costs were as follows. Director fees were nil for the year (2018: £nil)

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	4,904	5,060
Director fees	2	-
Social security costs	833	855
Pension costs	244	209
Other staff costs	54	90
	6,037	6,214

Staff costs included within administration expenses is comprised as follows:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	2,875	3,534
Director fees	2	-
Social security costs	397	461
Pension costs	173	145
Other staff costs	56	61
	3,503	4,201

In 2019 Staff costs of £2,180,000 (2018: £2,012,000) was included in Cost of sales and £355,000 (2018: £nil) was included in exceptional costs. Please refer to note 20 for further details.

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

	Year ended 31 December 2019	Year ended 31 December 2018
Management and administrative	77	78
Direct	171	178
	248	256

Directors' and key management personnel remuneration

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Directors and Key management personnel:		
Salaries	340	335
Director fees	2	-
Pension contributions	-	-
Benefits	5	3
	347	338

Notes to the Consolidated Financial Statements As at 31 December 2019

Directors' remuneration was as follows

	Salary £'000s	Pensions £'000s	Benefits £'000	Total £'000
Year ended 31 December 2019				
Mark Brangstrup Watts	-	-	-	-
James Corsellis	-	-	-	-
Corry Cavell Taylor	-	-	-	-
James Mceuen	2	-	-	2
Total	2	-	-	2

The Directors' remuneration for 2018 was £nil. The remuneration was borne by other related Companies without recharge.

6. Auditor's remuneration

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Fees payable to the Company's auditor and their associates for the audit of the parent company, consolidated financial statements and subsidiaries	124	179
	124	179

Deloitte LLP is engaged for audit services for the Company's Moroccan subsidiary for which the fees were £13,000 for 2019 (2018: £8,000).

7. Taxation

Reconciliation of loss before tax to tax charge for the year.

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Current Tax charged to the income statement:		
<u>UK</u>		
Corporation tax charge	-	-
Total UK	-	-
<u>Overseas</u>		
Over accrual for prior year tax charge	(20)	-
Tax charge on operations in Morocco	54	65
Total overseas	34	65
Total current tax	34	65
Total deferred tax	-	-
Total tax charge	34	65

Notes to the Consolidated Financial Statements As at 31 December 2019

Loss before tax	(12,299)	(6,489)
Tax calculated at UK standard rate of corporation tax for 2019 at 19% (2018: 19%)	(2,337)	(1,233)
Tax effects of:		
Disallowable expenses	206	579
Unutilised current year expenses carried forward	2,131	654
Over accrual for prior year tax charge (Overseas)	(20)	-
Tax charge on operations in Morocco (Overseas)	54	65
Tax charge for the year	34	65

8. Net finance costs

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Principal elements of lease payments	(75)	-
Overdraft and loan interest	(95)	(554)
	(170)	(554)

9. Goodwill

	2019 £'000	2018 £'000
Cost or valuation		
At 1 January	517	1,188
Exchange differences	(12)	3
Impairment	(505)	(674)
Carrying amount at 31 December	-	517

Impairment review of intangible assets with indefinite useful lives

Le Chateau was initially purchased in 2012 and goodwill was recognised at the date of purchase. Following the acquisition of 50% of the Company's issued share capital by Bradshaw Taylor Holdings Limited on 22 November 2019 the Group performed an impairment review for goodwill and other intangible assets with indefinite useful lives, by comparing the carrying amount of these assets with the recoverable amount. As a result, there was an impairment charge of £505,000 for goodwill.

Notes to the Consolidated Financial Statements As at 31 December 2019

10. Other intangible assets

	Technology £'000	Brands £'000	Total £'000
Cost			
At 1 January 2018	1,837	1,922	3,759
Additions	-	-	-
Disposals	-	-	-
Exchange differences	20	21	41
At 31 December 2018	1,857	1,943	3,800
Additions	4	-	4
Disposals	-	-	-
Exchange differences	(106)	(107)	(213)
At 31 December 2019	1,755	1,836	3,591
Accumulated amortisation			
At 1 January 2018	467	440	907
Charge for the year	379	118	497
Disposals	-	-	-
Exchange differences	7	6	13
At 31 December 2018	853	564	1,417
Charge for the year	348	117	465
Disposals	-	-	-
Impairment	443	1,230	1,673
Exchange differences	(57)	(75)	(132)
At 31 December 2019	1,587	1,836	3,423
Net book value			
At 31 December 2019	168	-	168
At 31 December 2018	1,004	1,379	2,383

The carrying value of the Company's brand was assessed at year end, following the acquisition of 50% of the Company's issued share capital by Bradshaw Taylor Holdings Limited on 22 November 2019. The carrying value of the brand was compared to the recoverable amount, based on the implied valuation of the business at the date of the sale. This resulted in an impairment charge of £1,230,000.

The Company is in the process of integrating its finance and logistics function to the software currently used by Bradshaw Taylor Holdings Limited. As a result, the useful economic life of the Company's ERP system has been reassessed resulting in an impairment charge for the year of £443,000.

Notes to the Consolidated Financial Statements As at 31 December 2019

11. Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2018	2,832	2,431	162	5,425
Additions	46	185	23	254
Disposals	-	-	(1)	(1)
Exchange differences	89	120	4	213
At 1 January 2019	2,967	2,736	188	5,891
Additions	11	39	37	87
Disposals	-	(429)	(13)	(442)
Exchange differences	(149)	(122)	(13)	(284)
At 31 December 2019	2,829	2,224	199	5,252
Accumulated Depreciation				
At 1 January 2018	1,014	1,301	114	2,429
Depreciation charge for the year	214	192	19	425
Disposals	-	-	(1)	(1)
Exchange differences	36	89	3	128
At 1 January 2019	1,264	1,582	135	2,981
Depreciation charge for the year	129	255	28	412
Disposals	-	(433)	(13)	(446)
Impairment	177	134	-	311
Exchange differences	(181)	(18)	(12)	(211)
At 31 December 2019	1,389	1,520	138	3,047
Net book value				
At 31 December 2019	1,440	704	61	2,205
At 31 December 2018	1,703	1,154	53	2,910

During the year impairments were carried out on the Pont D'Ouilly factory and on leasehold improvements related to the UK office following the exercising of the break clause in the lease with a termination date of May 2020.

Notes to the Consolidated Financial Statements As at 31 December 2019

11.b Right-of-use-assets

Measurement of lease commitment disclosed at 31 December 2018	2019
	£'000
Operating lease commitments disclosed at 31 December 2018	1,088
Discounted using the lessee's incremental borrowing rate at date of initial application	1,020
(Less) Low value leases not recognised as a liability	(46)
Total	975

Lease Liability recognised as 1 January 2019	
Current	382
Non-current	593
Total	975

Right-of-use-assets	Total
Cost	£'000
At 1 January 2018	-
IFRS 16 adoption	975
At 1 January 2019	975
Additions	-
Disposals	-
At 31 December 2019	975
Accumulated Depreciation	
At 1 January 2019	-
Depreciation charge for the year	310
Disposals	-
At 31 December 2019	310
Net book value	
At 31 December 2019	665
At 31 December 2018	-

12. Inventories

	2018	2018
	£'000	£'000
Finished goods (at lower of cost and net realisable value)	6,656	6,538
Raw materials and work in progress (at cost)	778	942
Total	7,434	7,480

Notes to the Consolidated Financial Statements As at 31 December 2019

Inventory values are net of provisions. In 2019 a stock provision of £1,259,000 was made following the strategic partnership with Bradshaw Taylor. The provision related to items that would be discontinued or phased out as a result of the partnership. This provision was in addition to the normal provision the business was holding for old and obsolete stock. The total provisions held in respect of inventories is £2,099,000 (2018: £1,322,000).

13. Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	1,951	2,714
Loss allowance (see note 16)	(113)	(261)
Prepayments and accrued income	131	215
VAT recoverable	860	1,715
Other receivables	682	892
	3,511	5,275

14. Trade and other payables

	2019 £'000	2018 £'000
Trade creditors	1,436	1,590
Amounts due to related parties	-	267
Accruals	486	977
VAT and other tax liabilities	961	411
Other payables	273	174
	3,156	3,419

Amounts due to related parties in 2018 were repayable on demand and interest free.

15. Retirement benefit obligations

	2019 £'000	2018 £'000
Le Chameau SAS	115	103
	115	103

Le Chameau SAS

In France, employees are entitled by law to receive at the time of retirement an end of service compensation based on the number of years spent in the company. The amount to be paid and accrued is based on a projection regarding the salary increase until retirement and discounted using a discount rate. This accrual is based on the assumption that employees will stay until retirement in the company.

	2019 £'000	2018 £'000
Reconciliation of actuarial liability – Le Chameau SAS		
Liability at 1 January	103	90
Cost of service	18	12
Effects of currency movements	(6)	1
Liability at 31 December	115	103

Notes to the Consolidated Financial Statements As at 31 December 2019

Principal actuarial assumptions were as follows:	2019	2018
Discount rate	0.77%	1.57%
Salary increase		
Executives	3.00%	2.00%
Technical and factory staff	3.00%	2.00%

16. Loans and borrowings

	2019	2018
	£'000	£'000
Loan facility	7,000	-
Total	7,000	-

On 22 November 2019, the Company and its subsidiary, Le Chateau UK Limited ("LCUK"), entered into a £2.0 million loan facility (the "Loan Facility"), and a further £5.0million loan facility (the "Stock Loan Facility") with Silvercloud Holdings Limited, a shareholder of the Company.

The Loan Facility accrues interest above the Bank of England base rate as follows:

22 November 2019 to 31 December 2022	2.5%
1 January 2023 to 31 December 2024	7.5%
After 1 January 2025	10.0%

Under the terms of the Loan Facility, interest is accrued day to day upon the loan balance. Interest shall be payable on the last business day of each quarter following the expiry of the deferred interest period (being 30 December 2022). As at 31 December 2019, the Company had accrued interest payable of £5.5k under the Loan Facility. The Loan Facility has a repayment date of 31 December 2026. This loan can be repaid in full earlier without penalties.

The Stock Loan Facility accrues interest once the Group sells 120,000 units of rubber wellington boots (the "Stock Satisfaction Date"). The following interest rates will be applied to the Stock Loan Facility above the Bank of England base rate following the Stock Satisfaction Date:

From date of Stock Satisfaction Date to 31 December 2022	2.5%
1 January 2023 to 31 December 2024	7.5%
After 1 January 2025	10.0%

Interest shall be payable by the Group, quarterly in arrears, following the expiry of the deferred interest period (being 30 December 2022). The stock loan facility has a repayment date of 31 December 2026. This loan can be repaid in full earlier without penalties.

Loans Facilities

	2019	2018
	£'000	£'000
Current	-	-
Non-current	7,000	-
Total	7,000	-

Notes to the Consolidated Financial Statements As at 31 December 2019

17. Financial instruments and risk management

The Group's principal financial instruments comprise cash, bank and other loans, and other payables that directly arise from its operations.

The Group had the following categories of financial instruments at year end:

	2019 £'000	2018 £'000
Financial assets – amortised cost		
Cash and cash equivalents	5,805	1,980
Trade receivables	1,951	2,714
Other non-current financial asset	272	473
Total	8,028	5,167
	2019 £'000	2018 £'000
Financial liabilities – amortised cost		
Loans and borrowings	7,000	-
Trade and other payables	2,195	3,008
Total	9,195	3,008

For all financial instruments, the carrying amount is a reasonable approximation of fair value.

Risk management

The Group has exposure to the following risks from its use of financial instruments:

- ☐ Credit risk
- ☐ Liquidity risk
- ☐ Market risk
- ☐ Capital risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed to reflect changes in market conditions and the Group's activities. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Impairment of financial assets

The Group's trade receivables are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the impairment loss is considered immaterial.

Notes to the Consolidated Financial Statements As at 31 December 2019

Trade receivables

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of from 1 January 2018 to 31 December 2018 or 1 January 2019 to 31 December 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance was determined as follows for trade receivables:

	Current	1-30 days past due	31-60 days past due	90 days past due
	£'000	£'000	£'000	£'000
31 December 2019				
Default rate (A)	3.0%	0.0%	15.9%	89.5%
Gross carrying amount (B)	1,828	23	44	57
Lifetime expected credit loss (AxB)	55	-	7	51

	Current	1-30 days past due	31-60 days past due	90 days past due
	£'000	£'000	£'000	£'000
31 December 2018				
Default rate (A)	3.0%	0.0%	16.1%	82.0%
Gross carrying amount (B)	2,293	85	124	211
Lifetime expected credit loss (AxB)	69	-	20	173

	2019 £'000	2018 £'000
Opening loss allowance as at 1 January	261	402
(Decrease)/ increase in loan loss allowance recognised in profit or loss during the year	(67)	115
Receivables written off during the year as uncollectable	(80)	(256)
31 December	113	261

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables are included within administration expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

Notes to the Consolidated Financial Statements As at 31 December 2019

Cash

Before placing cash with any bank, the Group gives due consideration to both investment return and credit risk.

The Board also monitors the counterparty risk of cash held with banks within the Group. At year end the Group had cash held with 6 different counterparties. The largest exposure to one counterparty is £4.9 million (2018: £1.3 million) held with Barclays Bank plc. The credit quality and credit concentration of cash equivalents is detailed in the table below:

	Unrated £'000	BBB £'000	AA- £'000	A- £'000	A £'000	Total £'000
Cash equivalents						
2019	20	-	-	53	5,732	5,805
2018	(120)	-	-	58	2,042	1,980

The unrated amount includes cash held by invoice factors.

(i) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group determines its liquidity requirements by the use of cash flow forecasts. On at least an annual basis, the Board reviews and approves the funding requirements of the Group and on an ongoing basis reviews and monitors the requirements.

The contractual maturity of the financial liabilities, representing the gross amount payable under the terms of the contract, at 31 December 2019 is presented below:

	On demand £'000	Within one year £'000	Between one and five years £'000	After five years £'000	Total £'000
Non-derivative financial liabilities					
Trade and other payables	-	2,195	-	-	2,195
Loans and other borrowings	-	-	-	7,115	7,115
Total financial liabilities	-	2,195	-	7,115	9,310

The contractual maturity of the financial liabilities, representing the gross amount payable under the terms of the contract, at 31 December 2018 is presented below:

	On demand £'000	Within one year £'000	Between one and five years £'000	After five years £'000	Total £'000
Non-derivative financial liabilities					
Trade and other payables	-	2,741	-	-	2,741
Loans and other borrowings	-	267	-	103	370
Total financial liabilities	-	3,008	-	103	3,111

Notes to the Consolidated Financial Statements As at 31 December 2019

(ii) Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Those Group companies operating in foreign denominated currencies maintain local currency bank accounts thereby limiting transaction foreign currency exposure. The Group may hedge foreign exchange exposure through the use of spot and forward exchange contracts.

Sensitivities

With all other factors remaining constant and based on the composition of financial assets and financial liabilities at the balance sheet date, the Group's exposure to foreign exchange volatility in the statement of comprehensive income from a 10% movement in Sterling against the Euro would result in a credit/charge of £38,000.

Capital management

The Group's primary objectives when managing capital are:

- to safeguard the business as a going concern
- to maintain an efficient capital structure in order to provide financial flexibility and an ability to execute the Group's strategy
- to maximise returns for shareholders

In pursuing its strategy, the Group seeks to maintain a capital structure that is aligned with the needs of its operating subsidiaries. This involves the use of debt to fund investment where appropriate. The Group currently considers a mix of debt and equity funding to be the most appropriate form of capital for the Group at this time.

The Group capital structure consists of net debt and shareholders' equity. Net debt consists of loans and other borrowings less cash and cash equivalents. Loans and other borrowings are measured at the net proceeds raised and currency-denominated balances are translated to Sterling at the year-end rate. Capital at the end of reporting year under review is as follows:

	2019 £'000	2018 £'000
Net debt	(1,973)	1,878
Total parents shareholders' equity	5,816	16,719
Total	3,843	18,597

Notes to the Consolidated Financial Statements As at 31 December 2019

18. Leases

	2019 £'000	1 January 2019* £'000
Amounts recognised in the balance sheet		
Right-of-use-assets		
Buildings	665	975
Total	665	975
	2019 £'000	2018 £'000
Lease Liabilities		
Current	178	382
Non-current	485	593
Total	672	975

*In the previous year the group only recognised lease assets and lease liabilities in relation to leases that were classified as finance leases under IAS17 Leases.

	2019 £'000
Depreciation charge of right-of use-assets	
Buildings	310
Interest expense (included in finance cost)	75
Expenses relating to leases of low value assets not shown as above (included in administrative expenses)	19

Total cash outflow for leases in 2019 was £405,000

	2019 £'000
Measurement of lease liability	
Operating lease commitments disclosed at 31 December 2018	1,088
Discounted using the lessee's incremental borrowing rate at date of initial application	1,020
(Less) Low value leases not recognised as a liability	(46)
Total	975
Lease Liability recognised as at 1 January 2019	
Current	382
Non-current	593
Total	975

Notes to the Consolidated Financial Statements As at 31 December 2019

19. Share capital and reserves

The movement in the Company's issued share capital is set out below:

	2019		2018	
	Number	Nominal value £	Number	Nominal value £
At 1 January – issued Ordinary Shares:	55,203,991	552,040	16,580,833	165,808
Ordinary Shares issued under Capitalisation	173,701	1,737	38,623,158	386,232
Ordinary Shares Issued during the year	2,093,000	20,930	-	-
Cancellation of Ordinary Shares	(57,470,692)	(574,707)	-	-
Issuance of A Ordinary Shares	28,735,346	287,353	-	-
Issuance of B Ordinary Shares	28,735,346	287,353	-	-
At 31 December	57,470,692	574,707	55,203,991	552,040

On 21 November 2019, the Company entered into a capitalisation agreement with Silvercloud Investments Jersey Limited, capitalising the outstanding loan balance between these entities of £173,701 by issuing 173,701 ordinary shares of £0.01 resulting in a share premium of £171,963.57.

On 22 November 2019, 2,093,000 Ordinary Shares of £0.01 were issued for a total consideration of £2,093,000 resulting in share premium of £2,072,070.

Following the issuance of 2,093,000 Ordinary Shares on 22 November 2019, there was a re-designation of the 28,735,346 Ordinary Shares of £0.01 each in the capital of the Company to A Ordinary Shares; 28,735,346 Ordinary Shares of £0.01 each in the capital of the Company as B Ordinary Shares.

Both A and B ordinary shares have a nominal value of £0.01 and are fully paid up.

Rights of Ordinary shares

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share.

Rights of A Ordinary shares

The holders of A Ordinary shares are entitled to appoint one A Director to act as a director of the Company, receive dividends as declared from time to time and are entitled to one vote per share.

Rights of B Ordinary shares

The holders of B Ordinary shares are entitled to appoint two B Directors to act as directors of the Company, receive dividends as declared from time to time and are entitled to one vote per share.

Subject to Article 10 and any agreement in writing between the Shareholders, each A Director participating in a Board meeting shall have two votes and each B Director shall have one vote.

The share premium is £40,480,960 (2018: £38,236,926).

Notes to the Consolidated Financial Statements As at 31 December 2019

20. Other reserves

	Translation reserve £'000	Total other reserves £'000
At 1 January 2018	295	295
Foreign exchange reserve realised on disposal	136	136
At 31 December 2018	431	431
Foreign exchange reserve arising in year	(837)	(837)
At 31 December 2019	406	406

21. Exceptional costs

As described in Note 2f, the Directors regard as exceptional those items which are both material and non-recurring in nature or are sufficiently material (in aggregate) and of a non-operating nature that separate disclosure is necessary for users properly to understand the performance of the Group.

	2019 £'000	2018 £'000
Increase / (release) of provisions for legal cases	79	(327)
Increase / (release) of provisions for restructuring	2,722	(245)
Costs related to restructuring	1,289	682
Other Exceptional	27	-
	4,117	110

In 2019, the costs primarily related to the restructuring of the UK operations. The provision increase in the year relates to costs for the restructuring of the UK operations, the factory in Morocco and closure of the factory in France. In 2018 the cost related to the closure of the factory and other operations in France.

22. Deferred taxation

No deferred tax assets have been recognized for tax loss carryforwards for a deferred tax value £10,414,000 as the timing of future recovery is uncertain (2018 £9,262,000).

23. Provisions

	2019 £'000	2018 £'000
Provisions		
At 1 January	711	1,117
Charged to the income statement	(14)	(392)
Utilised	(16)	(177)
Increase in provisions	2,653	-
Foreign exchange	(36)	163
At 31 December	3,298	711

Notes to the Consolidated Financial Statements As at 31 December 2019

Included in provisions are the expected cost of three legal cases totalling £322,000 (2018: £262,000). The largest of these was a claim by former employees for the French customer services office, which was settled by payments in January and February 2020 totalling €241,110. The second case related to a dispute with a supplier for €86,706 which was settled in January 2020. The remaining open case relates to a former employee which is expected to be resolved in 2021.

The balance at 2019 includes a provision for the restructuring costs associated with the UK operations, the factory in Morocco and the closure of the factory in France.

24. Related parties

The Board is responsible for the Company's objectives and business strategy and its overall supervision including the approval of any acquisitions.

During the year, Marwyn Capital LLP charged the Group £219,000 (2018: £240,000) for corporate finance services. James Corsellis and Mark Brangstrup Watts are managing partners of Marwyn Capital LLP.

During the year, Directors and key management have purchased goods at the Group's usual prices less a 25% discount. This discount is available to all staff employed directly by the Group in the UK.

During the year the Company and its subsidiary, Le Chateau UK Limited ("LCUK"), entered into a £2.0 million loan facility (the "Loan facility"). and a further £5.0million loan facility (the "Stock loan facility") with Silvercloud Holdings Limited, who owns 3.64% of the issued share capital.

During the year, Axio Capital Solutions Limited ("Axio") charged £50,478 (2018: £82,165) to the Group for the provision of company secretarial, administration and accounting services. Mark Brangstrup Watts and James Corsellis are beneficial owners of Axio.

During the year the company had inter-group payables of £nil (2018: 267,073). The 2018 balances were owed to Marwyn Management Partners Subsidiary Limited, Silvercloud Management Holdings Limited and Le Chateau Group PLC. All the balances were payable on demand and did not incur interest. All the balances were fully paid on 22 November 2019.

Key management compensation is disclosed in note 5 to the financial statements.

25. Ultimate controlling party

There is no single ultimate controlling party. The Group is jointly controlled by Bradshaw Taylor Holdings Limited and Marwyn Value Investors LP ("MVI").

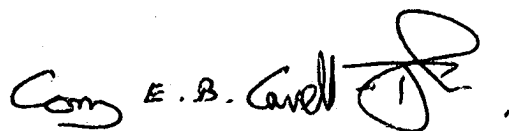
26. Post balance sheet events

For the Group, the global outbreak of COVID-19 is deemed to be a non-adjusting post balance sheet event as at 31 December 2019 and therefore no adjustments have been made in these financial statements for COVID-19.

Company Statement of Financial Position As at 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Fixed assets			
Investment in subsidiaries	2	-	17,039
Total non-current assets		-	17,039
Current assets			
Cash and cash equivalents		2,093	1
Total current assets		2,093	17,040
Total assets		2,093	17,040
Equity and liabilities			
Equity			
Called up share capital	4	575	552
Share premium account		40,481	38,237
Accumulated losses		(39,209)	(21,934)
Total equity attributable to equity holders of the parent		1,847	16,855
Current liabilities			
Trade and other payables	3	246	185
Total liabilities		246	185
Total equity and liabilities		2,093	17,040

The notes on pages 42 to 45 form an integral part of the financial information. The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The loss for the parent company for the year was £17.3 million (2018: loss £21.7 million). The Company has taken advantage of the disclosure exemptions permitted by FRS 101 in relation to presentation of a cash flow statement. The financial statements on pages 40 to 45 were approved by the Board of Directors of Le Chateau Holdings Limited (registered number 08201708), on 10 June 2020 and were signed on its behalf by:



Corry Cavell-Taylor
Director
Le Chateau Holdings Limited

Company Statement of Changes in Equity As at 31 December 2019

	Called up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2018	166	-	(193)	(27)
Capitalisation	386	38,237	-	38,623
Loss for the financial year	-	-	(21,741)	(21,741)
At 31 December 2018	552	38,237	(21,934)	16,855
Proceeds from shares issued	21	2,072	-	2,093
Capitalisation	2	172	-	174
Loss for the financial year	-	-	(17,275)	(17,275)
At 31 December 2019	575	40,481	(39,209)	1,847

The notes on pages 42 to 45 form an integral part of these financial statements.

Notes to the Company Financial Statements As at 31 December 2019

1. Accounting policies

a) Accounting basis

As used in these financial statements and associated notes, the term 'Company' refers to Le Chateau Holdings Limited ("LCHL"). These separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The financial statements are prepared on a going concern basis. The Directors consider the Company's going concern basis in relation to the overall LCHL Group, including the Group's budget, its liquid resources, sales forecasts and its medium-term plans. There are loans of £7.0 million provided by its significant shareholder, Silvercloud Holdings Limited. Based on these factors, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

The accounting policies have been applied consistently for both years presented, other than where new accounting policies have been adopted.

b) Use of estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Estimates and assumptions

For the year an impairment of the carrying value of investments were carried out. There were no other significant estimates or key assumptions concerning the future or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

c) Investments in subsidiaries

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

d) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI Criterion").

The Company initially measures other financial assets at their fair value plus transaction costs.

Notes to the Company Financial Statements As at 31 December 2019

Subsequent measurement

For the purposes of subsequent measurement, all of the Company's financial assets are classified as financial assets at amortised cost. Financial assets at amortised cost comprise of assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI Criterion. This category includes the Group's trade and other receivables and cash and cash equivalents. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company has not classified any assets as being financial assets at FVOCI or FVPL.

Derecognition

A financial asset is primarily derecognised and removed from the consolidated statement of financial position when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Financial liabilities

Initial recognition and measurement

At initial recognition, financial liabilities are included at fair value through profit or loss, loans and borrowings or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities comprise trade and other payables.

Subsequent measurement

The Company's payables, none of which are classified as financial liabilities at FVPL, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference is the respective carrying amount is recognised in the consolidated statement of comprehensive income.

Notes to the Company Financial Statements As at 31 December 2019

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For intergroup loan receivables, the Company applies the general approach to calculating ECLs. Under the general approach, expected credit losses are based on the assumption that the repayment of the loan is demanded at the reporting date and recognised in the statement of comprehensive income for the year.

e) Dividends

No dividend has been recommended by the Board for the year ended 31 December 2019 or in the prior year.

f) Employees

The Company did not have any employees during the year (2018: 0).

g) Audit fees

The audit fee in respect of the parent company was £58,123 (2018: £13,300).

h) Deferred tax

No deferred tax asset has been created in respect of tax losses carried forward as it is not certain that they will be utilised in the future (2018 : £nil). The Company is tax resident in the UK and under UK law, there is no expiry for the use of tax losses.

2. Investments in subsidiaries

The investments are of ordinary shares.

	2019 £'000	2018 £'000
Opening balance as at 1 January	17,038,915	-
Capitalisation	173,701	38,739,823
Impairment recognised in year	(17,212,616)	(21,700,908)
Closing balance as at 31 December	-	17,038,915

During the year the company reclassified a loan receivable of £173,701 with its immediate subsidiary Le Chateau Holdings SAS to equity. The investments were first impaired in 2014 and were fully written down in 2017 and in 2019.

Notes to the Company Financial Statements As at 31 December 2019

The undertakings in which the Group has an interest at the year-end are as follows:

Company	Country of incorporation	Ownership	Proportion of ownership interest	Nature of business
Le Chameau Holdings SAS	France	direct	100.0%	Premium goods holding company
Le Chameau SAS	France	Indirect	100.0%	Premium goods seller
Sté Caoutchoutiere des Zenatas	Morocco	Indirect	100.0%	Premium goods manufacturer
Le Chameau Inc.	US	Indirect	100.0%	Premium goods seller
Le Chameau UK Limited	England and Wales	Indirect	100.0%	Premium goods seller

3. Trade and other payables

	2019 £'000	2018 £'000
Trade payable	5	9
Accruals and deferred income	55	17
Amounts owed to group undertaking	186	159
	246	185

In 2019 the amounts owed by group undertakings are all due from a UK incorporated subsidiary. In 2018 the intercompany balance included amounts owed to Marwyn Managements Partners Subsidiary Limited, a Jersey incorporated company. All balances are unsecured, non-interest bearing and repayable on demand.

4. Called up share capital

The share capital of the Company comprises Ordinary shares of £0.01 each, as set out below. There were no shares issued during the year.

	2019		2018	
	Number	Nominal value £	Number	Nominal value £
At 1 January	55,203,991	552,040	16,580,833	165,508
Capitalisation	173,701	1,737	38,623,158	386,232
Issued during the year	2,093,000	20,930	-	-
At 31 December	57,470,692	574,707	55,203,991	552,040

Rights of Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share.

The share premium is £40,480,960 (2018: £38,236,926)

5. Ultimate controlling party

There is no single ultimate controlling party. The Company is jointly controlled by Bradshaw Taylor Holdings Limited and Marwyn Value Investors LP ("MVI").

Information and Advisors

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