

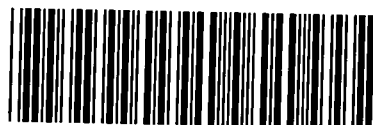
Signet Group Limited

Directors' report and financial statements

For the 52 week period ended February 2, 2019

Company No: 477692

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Signet Group Limited
Directors' report and financial statements
For the 52 week period ended February 2, 2019

Directors and Advisors

Directors:	M Santana (resigned 23 April 2019) J Hilson (appointed 23 April 2019) R Miles (appointed 30 June 2018) M Kelly (appointed 21 December 2018) M A Jenkins (resigned 30 June 2018)
Secretary:	B Harris (appointed 21 December 2018) L Krueger (resigned 21 December 2018) M A Jenkins (resigned 30 June 2018)
Registered office:	Imperial Place 3, Maxwell Road Borehamwood, Hertfordshire, England WD6 1JN
Auditor:	KPMG LLP 15 Canada Square London E14 5GL

STRATEGIC REPORT

The Directors of Signet Group Limited (the "Company") present their strategic report and the financial statements for the 52 week period ended February 2, 2019 ("Fiscal 2019"), as the Company's fiscal year ends on the Saturday nearest to January 31. The comparative period is for the 53 week period ended February 3, 2018 ("Fiscal 2018").

Business review and principal activities

The principal activity of the Company is as intermediate holding company of the Signet Jewelers Limited group of companies (the "Group"). The Group is the world's largest retailer of diamond jewelry. The Group stores trade under the following banners:

- US: "Kay Jewelers", "Jared The Galleria Of Jewelry", "Zales Jewelers", "JamesAllen.com" plus other regional banners
- UK: "H.Samuel", "Ernest Jones", and "Leslie Davis"
- Canada: "Peoples Jewellers" and a regional banner

The Company also provides finance and treasury services to fellow subsidiary companies.

As shown in the Company's profit and loss account on page 7, the Company's profit before tax is principally comprised of interest income received from Group undertakings. As disclosed within Note 16, the immediate holding company, Signet Jewelers Limited, made additional capital contributions to the Company totaling \$379,047,142 (2018: \$219,886,000).

The performance of the Group is discussed in the Annual Report of Signet Jewelers Limited. The financial statements of Signet Jewelers Limited can be obtained as disclosed within Note 20 of these financial statements.

Financial risk management

Currency / interest rate risk

The Group of which the Company is a part operates in the US, UK and Canada. As a result, it is exposed to foreign exchange risk arising from various currency exposures. The Company enters into swaps of foreign currencies, principally the UK pound, in order to mitigate the impact of movements in foreign exchange rates.

The Company entered an interest rate swap in March 2015 with an aggregate notional amount of \$300 million that matured in April 2019. Under this contract, the Company agrees to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts.

Credit risk

Debtor balances owed are primarily due from other Group undertakings that are able to repay these if required. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Risks and Uncertainties

The decision of the UK to leave the EU in the referendum on 23rd June 2016 has created risks to the Group due to the resulting political and economic uncertainty. The Group relies on the continued availability of the full range financial services provided by the Group's banks and other financial institutions. It is reasonably certain that EU banks and financial institutions will be allowed to continue to provide regulated financial services in the UK for a time limited period through the transition period in the Withdrawal Agreement or otherwise through the UK no-deal Brexit temporary permissions regime for passporting firms, hence the services provided by EU authorised firms to HWGF will remain largely unaffected by Brexit in the near future. Apart from that, the Company employs a significant number of EU nationals and intends to do so in future, therefore restrictions on

Strategic report (continued)

EU nationals working in the UK could have an impact on the Company. At this juncture, the UK government has confirmed that EU nationals working in the UK at the time of Brexit will be able to obtain a permanent right to stay and work in the UK via the EU Settlement Scheme, and it has outlined proposals for future immigration rules which would not cause undue difficulty for the type of staff the Company employs. The Company is actively monitoring the situation and has assessed and concluded that the financial impact of Brexit on both current and future years' financials are not significant.

DIRECTORS' REPORT

The Directors of the Company present their directors' report and the financial statements for the 52 week period ended February 2, 2019.

Directors and Directors' interests

The Directors who served during the period and to the date of this report were:

M Santana (resigned 23 April 2019)

J Hilson (appointed 23 April 2019)

R Miles (appointed 30 June 2018)

M Kelly (appointed 21 December 2018)

M A Jenkins (resigned 30 June 2018)

None of the Directors had any beneficial interest in the share capital of the Company during the current period (2018: nil).

Dividends

No dividends (2018: \$550,000,000) have been paid out of distributable reserves. The aggregate amounts of dividends declared and not recognised as liabilities as at the period end is \$nil (2018: \$nil).

Political and charitable contributions

The Company made no charitable or political contributions during the period (2018: \$nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Strategic and Directors' reports are approved by order of the Board,

Imperial Place 3.
Maxwell Road,
Borehamwood WD6 1JN



R Miles
Director
October 29, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIGNET GROUP LIMITED

Opinion

We have audited the financial statements of Signet Group Limited ("the company") for the period ended 2nd February 2019 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2nd February 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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


Jeremy Hall (Senior Statutory Auditor)
 for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
 15 Canada Square
 London
 E14 5GL

October 29, 2019

Signet Group Limited
Directors' report and financial statements
For the 52 week period ended February 2, 2019

PROFIT AND LOSS ACCOUNT

(in thousands)

	<u>Notes</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>
Administrative expenses		\$ (1,043)	\$ (921)
Other operating (loss) / income	2	<u>(823)</u>	<u>250,258</u>
(Loss) / Profit on ordinary activities before interest		(1,866)	249,337
Interest receivable and similar income	5	104,209	36,831
Interest payable and similar charges	6	<u>(47,440)</u>	<u>(40,716)</u>
Profit on ordinary activities before taxation	3	54,903	245,452
Tax (expense) / credit on profit on ordinary activities	7	<u>(10,431)</u>	<u>878</u>
Profit on ordinary activities after taxation		<u>\$ 44,472</u>	<u>\$ 246,330</u>

The results shown above are in respect of continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

Signet Group Limited
Directors' report and financial statements
For the 52 week period ended February 2, 2019

STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands)

	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>
Profit for the financial period	\$ 44,472	\$ 246,330
Effective portion of changes in fair value of cash flow hedges, net of recycling (net of taxes of \$300,000 - 2018: \$346,000)	<u>(1,277)</u>	<u>1,494</u>
Total comprehensive income	<u>43,195</u>	<u>247,824</u>

The notes on pages 12 to 21 form part of these financial statements.

Signet Group Limited
Directors' report and financial statements
For the 52 week period ended February 2, 2019

BALANCE SHEET

<i>(in thousands)</i>	Notes	February 2, 2019	February 2, 2019	February 3, 2018	February 3, 2018
Fixed assets					
Investments	9		\$ 1,452,393		\$ 1,452,393
Non-current assets					
Derivative fair values	13		641		2,224
Current assets					
Debtors	10	899,674		872,654	
Cash at bank and in hand		6,603		5,492	
		<u>906,277</u>		<u>878,146</u>	
Creditors					
Amounts falling due within one year	11	(463,479)		(819,433)	
Net current assets			<u>442,798</u>		<u>58,713</u>
Total assets less current liabilities			<u>1,895,832</u>		<u>1,513,330</u>
Non-current liabilities:					
Creditors falling due after one year	12		(653,610)		(693,050)
Deferred taxation	14		(123)		(423)
Net assets			<u><u>\$ 1,242,099</u></u>		<u><u>\$ 819,857</u></u>
Capital and reserves					
Called up share capital	15		\$ 15,350		\$ 15,350
Capital redemption reserve			408		408
Capital contribution	16		658,933		279,886
Hedging reserve			522		1,799
Retained earnings			566,886		522,414
Shareholders' funds			<u><u>\$ 1,242,099</u></u>		<u><u>\$ 819,857</u></u>

The notes on pages 12 to 21 form part of these financial statements.

These financial statements were approved by the Board of Directors on October 29, 2019 and were signed on its behalf by:



R Miles
Director

Company registered number: 477692

Signet Group Limited
Directors' report and financial statements
For the 52 week period ended February 2, 2019

STATEMENT OF CHANGES IN EQUITY

<i>(in thousands)</i>	Share capital	Capital redemption reserve	Capital contributions	Hedging reserve	Retained earnings	Total equity
Balance at January 28, 2017	\$ 15,350	\$ 408	\$ 610,000	\$ 305	\$ 276,084	\$ 902,147
Profit for the financial period	—	—	—	—	246,330	246,330
Capital contributions received	—	—	219,886	—	—	219,886
Effective portion of changes in cash flows hedges, net of recycling	—	—	—	1,494	—	1,494
Dividends paid	—	—	(550,000)	—	—	(550,000)
Balance at February 3, 2018	15,350	408	279,886	1,799	522,414	819,857
Profit for the financial period	—	—	—	—	44,472	44,472
Capital contributions received	—	—	379,047	—	—	379,047
Effective portion of changes in cash flows hedges, net of recycling	—	—	—	(1,277)	—	(1,277)
Balance at February 2, 2019	\$ 15,350	\$ 408	\$ 658,933	\$ 522	\$ 566,886	\$ 1,242,099

The notes on pages 12 to 21 form part of these financial statements.

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements in the current and preceding period. The current period is for the 52 week period ended February 2, 2019 ("Fiscal 2019"), as the Company's fiscal year ends on the Saturday nearest to January 31. The preceding period is for the 53 week period ended February 3, 2018 ("Fiscal 2018").

(a) Basis of preparation

The financial statements have been prepared in accordance with FRS 101, applicable United Kingdom law and under the historical cost convention.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU-IFRS"), but makes amendments where necessary to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of capital management
- The effects of new but not yet effective IFRSs.

The Company's ultimate holding company is Signet Jewelers Limited, which is registered in Bermuda. The Company is exempt by s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking. As the consolidated financial statements of Signet Jewelers Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7.

(b) Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review and Principal Activities section of the Strategic Report on page 2. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost, less amounts written off for any impairment in value.

(d) Dividends

Dividends are provided for in the period in which they are formally approved.

(e) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

(f) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by IAS 12.

SIGNET GROUP LIMITED
Notes to the Financial Statements

1. Accounting policies (continued)

(g) Borrowings

Borrowings comprise interest bearing bank loans and bank overdrafts and are recorded at the proceeds received net of any transaction costs incurred. Interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(h) Cash and cash equivalents

Cash and cash equivalents comprise money market deposits and amounts placed with external fund managers with an original maturity of three months or less, and are carried at cost which approximates to fair value.

(i) Derivative financial instruments

Derivative financial instruments are recognised at fair value and the gain or loss on re-measurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss matches the timing of when the hedged item affects the profit and loss account.

Changes in the fair value of financial instruments that are designated and are effective as hedges of future cash flows are recognised immediately in the statement of other comprehensive income. Any ineffective portion of the gain or loss is recognised immediately in the profit and loss account. For cash flow hedges that result in the recognition of a non-financial asset or liability, amounts previously deferred in equity are included in the measurement of the asset or liability. For cash flow hedges that result in the recognition of a financial asset or liability, amounts previously recognised in equity are recognised in the income statement in the same period in which the hedged item affects the profit and loss account.

2. Other operating income (loss)

During Fiscal 2019, other operating loss principally relates to losses resulting from foreign currency transactions. In Fiscal 2018, other operating income principally related to dividends received from the Company's principal subsidiary undertaking, Signet Holdings Limited, of \$250,000,000.

3. Profit (loss) on ordinary activities before taxation

The auditor's remuneration of \$9,000 (2018: \$9,000) was paid by another Group company. The auditor received no remuneration from the Company for any non-audit services in either period.

None of the Directors received any remuneration in the current or preceding period.

4. Staff numbers and costs

The Company had one employee (2018: one). The employee was a director of the company and their remuneration was borne by another Group company.

None of the Directors received any remuneration from the Company in the current or preceding period.

5. Interest receivable and similar income

(in thousands)

	Fiscal 2019	Fiscal 2018
Interest receivable on amounts owed by Group undertakings	\$ 102,148	\$ 36,781
Other interest receivable	2,061	50
	<u>\$ 104,209</u>	<u>\$ 36,831</u>

SIGNET GROUP LIMITED
Notes to the Financial Statements

6. Interest payable and similar charges

(in thousands)

	Fiscal 2019	Fiscal 2018
Interest payable on amounts owed to Group undertakings	\$ 27,138	\$ 26,200
Bank loans and overdrafts	20,302	14,516
	<u>\$ 47,440</u>	<u>\$ 40,716</u>

7. Taxation

(in thousands)

	Fiscal 2019	Fiscal 2018
UK corporation tax expense (credit) for the period	\$ 10,431	\$ (874)
Deferred tax credit	—	(4)
	<u>\$ 10,431</u>	<u>\$ (878)</u>

	Fiscal 2019	Fiscal 2018
UK statutory tax rates	19.0%	19.2 %
Dividends from UK subsidiaries	—%	(19.6)%
Effective tax rate in the accounts	<u>19.0%</u>	<u>(0.4)%</u>

The Company had gross capital losses carried forward of \$53,532,359 at February 2, 2019 (2018: \$59,619,336) which are only available to offset future capital gains, if any, over an indefinite period. No deferred tax asset has been set up in respect of these losses as they can only be utilised against future capital gains, which cannot be anticipated.

8. Dividends

During Fiscal 2019, no dividends have been paid to its parent company (2018: \$550,000,000).

The aggregate of dividends proposed and not recognised as liabilities as at the period end is \$nil (2018: \$nil).

9. Fixed asset investments

(in thousands)

	February 2, 2019	February 3, 2018
Investment in subsidiary undertakings	<u>\$ 1,452,393</u>	<u>\$ 1,452,393</u>

The Company's wholly owned subsidiaries are as follows:

(in thousands)

	February 2, 2019
Signet Holdings Limited *	\$ 1,442,794
Signet UK Finance plc *	9,599
Signet Jewelers Brands Limited *	—
Investment in subsidiary undertakings at February 2, 2019	<u>\$ 1,452,393</u>

* Subsidiaries registered in England and Wales

See Note 17 for a full list of subsidiary and associated undertakings.

SIGNET GROUP LIMITED
Notes to the Financial Statements

10. Debtors

(in thousands)

	February 2, 2019	February 3, 2018
Amounts owed by Group undertakings	\$ 899,485	\$ 871,455
Other debtors	—	324
Derivative fair values (note 13)	189	—
Corporation tax	—	875
Recoverable within one year	899,674	872,654
Derivative fair values (note 13)	641	2,224
	\$ 900,315	\$ 874,878

11. Creditors: amounts falling due within one year

(in thousands)

	February 2, 2019	February 3, 2018
Current portion of senior unsecured term loan (note 12)	\$ 39,437	\$ 30,500
Amounts owed to Group undertakings	413,337	788,084
Derivative fair values (note 13)	—	499
Corporation tax	10,238	—
Accruals	467	350
	\$ 463,479	\$ 819,433

12. Creditors falling due after one year

(in thousands)

	February 2, 2019	February 3, 2018
Amounts owed to Group undertakings	\$ 400,000	\$ 400,000
Senior unsecured term loan	253,610	293,050
	\$ 653,610	\$ 693,050

The Company's Credit Facility contains a \$700.0 million senior unsecured multi-currency multi-year revolving credit facility and a \$357.5 million senior unsecured term loan facility. The maturity date for the Credit Facility, including both individual facilities disclosed above, is July 2021.

Beginning in October 2016, the Company is required to make scheduled quarterly principal payments equal to the amounts per annum of the outstanding principal balance as follows: 5.0% in the first year, 7.5% in the second year, 10.0% in the third year, 12.5% in the fourth year and 15.0% in the fifth year after the initial payment date, with the balance due in July 2021.

At February 2, 2019, \$294.9 million (2018: \$326.2 million) was outstanding, with \$40.2 million (2018: \$31.3 million) due within one year and \$254.7million (2018: \$294.9 million) due after one year. During Fiscal 2019, the weighted average interest rate of borrowings on the senior unsecured term loan was 3.66% (Fiscal 2018: 2.42%).

13. Derivatives and other financial instruments

Currency derivatives

The Group of which the Company is a part operates in the US, UK and Canada, and is therefore exposed to foreign exchange risk arising from currency exposures.

The Company enters into cross currency swap contracts to hedge currency flows through its bank accounts in an effort to minimize its net foreign currency exchange exposure to the income statement. As at February 2, 2019, there was a \$54.7 million (2018: \$56.2 million) US dollar to Sterling cross currency swap outstanding with a value date of February 5, 2019.

SIGNET GROUP LIMITED
Notes to the Financial Statements

13. Derivatives and other financial instruments (continued)

The Company does not currently designate its foreign currency borrowings as a hedging instrument for hedging the translation of its foreign operations.

Interest rate swap

The Company entered into an interest rate swap in March 2015 with an aggregate notional amount of \$300.0 million that matured in April 2019. Under this contract, the Company agrees to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts. This contract was entered into to reduce the consolidated interest rate risk associated with variable rate, long-term debt. The Company designated this derivative as a cash flow hedge of the variability in expected cash outflows for interest payments. The Company has effectively converted a portion of its variable-rate senior unsecured term loan into fixed-rate debt.

The fair values of all financial instruments shown below are based on market value equivalents at the balance sheet date and are held as assets and liabilities within other receivables and other payables.

	Fiscal 2019		Fiscal 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Current assets				
Currency swaps	\$ 189	\$ 189	\$ —	\$ —
Non-current assets				
Interest rate swap	\$ 641	\$ 641	\$ 2,224	\$ 2,224
Current liabilities				
Currency swaps	\$ —	\$ —	\$ (499)	\$ (499)

Currency risk

The Company's exposure to foreign currency risk based on notional amounts is detailed below together with an analysis of the effect of a 10% strengthening of the US dollar against the UK pound. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2018.

	Fiscal 2019		Fiscal 2018	
	Estimated fair value	10% Strengthening in \$ against £ (unfavorable) / favorable	Estimated fair value	10% Strengthening in \$ against £ (unfavorable) / favorable
Balance sheet				
Foreign currency receivable	54	(5)	54	(5)
Foreign currency payable	(67,753)	6,775	(66,269)	6,627

A 10% weakening of the US dollar would have had the equal but opposite effect, on the basis that all other variables remain constant.

14. Deferred taxation

The deferred taxation (liability)/asset is comprised of short term timing differences.

Reduction in the UK corporation tax rate from 20% to 19% (effective from April 1, 2017) was substantively enacted on October 26, 2015. A further reduction to 17% (effective from April 1, 2020) was substantively enacted on September 6, 2016. The deferred tax liability at February 2, 2019 has been calculated based on these rates.

SIGNET GROUP LIMITED
Notes to the Financial Statements

14. Deferred taxation (continued)

(in thousands)

	<u>Fiscal 2019</u>
At February 3, 2018	\$ (423)
Credit for period to the profit and loss account	—
Amounts recognized in equity: Hedging reserve	300
At February 2, 2019	<u>\$ (123)</u>

15. Called up share capital

(in thousands, except per share amount)

	<u>February 2, 2019</u>	<u>February 3, 2018</u>
Allotted, called up and fully paid: 1,705,541,827 ordinary shares of \$0.009 each (2018: 1,705,541,827)	\$ 15,350	\$ 15,350

16. Capital contributions

During the 52 week period ended to February 2, 2019, the immediate holding company, Signet Jewelers Limited, made additional capital contributions to the Company totaling \$379,047,142 (2018: \$219,886,000). There are no terms of repayment in relation to these contributions and Signet Jewelers Limited intends these contributions to be in the nature of a capital gift.

17. Subsidiary and associated undertakings

<u>Name</u>	<u>Incorporated</u>	<u>Registered office</u>
Signet US Holdings Inc.	Delaware, USA	Puglisi & Associates, 850 Library Ave, Suite 204, Newark DE 19711, USA
Sterling Jewelers Inc.	Delaware, USA	Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington DE 19801, USA
Zale Corporation	Delaware, USA	
Signet U.S. Services Inc	Delaware, USA	
Signet Group Treasury Services Inc	Delaware, USA	
Signet Group Services US Inc	Delaware, USA	
Sterling Ecomm LLC	Delaware, USA	
Sterling Jewelers Receivables Corp	Delaware, USA	
Sterling Jewelers Insurance Agency	Delaware, USA	
Zale International Inc	Delaware, USA	
Zale Delaware Inc	Delaware, USA	
ZCSC LLC	Delaware, USA	
ZAP Inc	Delaware, USA	
Sterling Inc	Ohio, USA	CT Corporation System, 1300E 9 th St, Cleveland OH 44114, USA

SIGNET GROUP LIMITED
Notes to the Financial Statements

17. Subsidiary and associated undertakings (continued)

<u>Name</u>	<u>Incorporated</u>	<u>Registered office</u>
Signet Service Plans, Inc.	Ohio, USA	CT Corporation System, 4400 Easton Commons Way, Columbus OH 43219, USA
Zale Indemnity Company	Texas, USA	901 W. Walnut Hill Lane, Irving TX 75038 USA
TXDC LP	Texas, USA	CT Corporation System, 1999 Bryan St, Dallas TX 75201, USA
Zale Employees' Child Care Association Inc	Texas, USA	
ZGCO LLC	Virginia, USA	CT Corporation System, 4701 Cox Road, Ste. 285, Glen Allen VA 23060, USA
Jewel Re-Insurance Ltd	Barbados	Belleville Corporate Centre, #38 Pine, Belleville, St Michael, Barbados
SDDS (Botswana) Trading (Proprietary) Limited	Botswana	Plot 50370, Acumen Park, Fairgrounds, PO Box 1157, Gaborone, Botswana
SDDS (Botswana) (Proprietary) Limited	Botswana	
Zale Canada Co.	Canada	900-1959 Upper Walter Street, Halifax NS B3J, Canada
Signet UK Cayman Limited	Cayman Islands	190 Elgin Avenue Georgetown, Grand Cayman KY1-9005, Cayman Islands
Sterling Jewelers Reinsurance Ltd	Turks & Caicos Is.	M&S Trust Co. Ltd, PO Box 560, Upper Floor East Wing, Beatrice Butterfield Building, Leeward Highway, Providenciales, Turks & Caicos Is.
Zale Puerto Rico	Puerto Rico	CT Corporation System, 361 San Francisco St, 4 th Floor, San Juan 00901, Puerto Rico
Dobbins Jewelers Inc	Guam	

SIGNET GROUP LIMITED
Notes to the Financial Statements

17. Subsidiary and associated undertakings (continued)

<u>Name</u>	<u>Incorporated</u>	<u>Registered office</u>
Signet Trading Limited	England	Imperial Place 3, Maxwell Road, Borehamwood, Hertfordshire WD6 1JN
Signet Direct Diamond Sourcing Limited	England	
Signet UK Finance plc	England	
Signet Holdings Limited	England	
SDDS (Belgium) Limited	England	
Checkbury Limited	England	
Ernest Jones Limited	England	
H Samuel Limited	England	
Leslie Davis Limited	England	
Signet Group Finance Limited	England	
Signet Group Services Limited	England	
Signet US Finance Limited	England	
Signet Jewelers Brands Limited	England	
Charmed Memories Limited	England	
Collingwood the County Jewellers Limited	England	
EJ Limited	England	
Ernest Jones & Co (London) Limited	England	
Ernest Jones (Jewellers) Limited	England	
James Walker Goldsmith and Silversmith Limited	England	
Ratners Limited	England	
Ratners Property Developments Limited	England	
Ratners Trustees Limited	England	
Saphena Limited	England	
Signet Jewelers Limited	England	
Signet Jewellery Group Limited	England	
Signet Jewellery Limited	England	
Signet UK Dormants Limited	England	
Stephen's Jewellers Limited	England	
Terry's (Jewellers) Limited	England	
SJI Ireland Limited	Ireland	Block A, George's quay Plaza, George's quay, Dublin 2, Ireland
R2Net Inc.	Delaware, USA	The Corporation Trust Company Corporation Trust Center 1209 Orange St. Wilmington, DE 19801

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17. Subsidiary and associated undertakings (continued)

<u>Name</u>	<u>Incorporated</u>	<u>Registered office</u>
R2Net Manufacturing Inc.	Delaware, USA	VCorp Services, LLC 1013 Centre Road Suite 403-B Wilmington, DE 19805
R2Net Israel Limited	Israel	10 Hasadnaot Street, Herzeliya, Israel 4672837
Segoma Limited	Israel	
Brio Animation Limited	Israel	47 Nachalat-binyamin street, Tel Aviv, Israel 65136
Segoma Imaging Technologies (India) Private Limited	India	BC-6021, 6th Floor, B Tower, Center Core Bharat Diamond Bourse, G Block Bandra Kurla Complex, Bandra East, Mumbai, India 400051

* Dormant company status

18. Commitments and contingencies

The Company does not occupy any property or hold any plant, machinery and vehicles under operating leases. Capital commitments at February 2, 2019 for which no provision has been made in the accounts were \$nil (2018: \$nil).

The Company is not party to legal proceedings considered to be material to its financial position.

The Company and its subsidiaries have assigned or sub-let UK property leases in the normal course of business. Should the assignees or sub-tenants fail to fulfill any obligations in respect of those leases or any other leases which have at any other time been assigned or sub-let, the Company or one of its UK subsidiaries may be liable for those defaults. The number of such claims arising to date has been small, and the liability, which is charged to the profit and loss account as it arises, has not been material.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make payment under the guarantee. The outstanding indebtedness on such accounts at February 2, 2019 was \$nil (2018: \$nil).

19. Related party transactions

As the Company is a wholly owned subsidiary of Signet Jewelers Limited and the Company's voting rights are controlled within the group headed by Signet Jewelers Limited, the Company has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Signet Jewelers Limited, within which this Company is included, can be obtained from the address given in note 20.

The Company entered into derivative contracts to mitigate interest, commodity and currency risk exposures arising in the Signet Jewelers Limited group of companies. These are fully explained in note 13.

SIGNET GROUP LIMITED
Notes to the Financial Statements

20. Ultimate holding Company

The ultimate parent company of the Group is Signet Jewelers Limited, a company incorporated under the Companies Act 1981 of Bermuda and whose registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The financial statements of Signet Jewelers Limited which consolidate the results of Signet Group Limited are available to the public and may be obtained from Imperial Place 3, Maxwell Road, Borehamwood, WD6 1JN or at www.signetjewelers.com.

21. Subsequent events

On September 27, 2019, in connection with the issuance of the senior secured asset-based credit facility, the Company repaid and terminated the Credit Facility. Unamortized deferred financing fees of \$2.2 million associated with the Credit Facility were written-off in the 39 week period ending November 2, 2019 upon executing the termination of the Credit Facility.

On September 19, 2019, a wholly-owned subsidiary of the Company announced that it had received the requisite consents, pursuant to its previously announced consent solicitation, to amend the indenture dated as of May 19, 2014. Additionally, on the same date, a wholly-owned subsidiary of the Company announced the early results of a previously announced tender offer to purchase any and all of its outstanding Notes through a cash tender offer (the "Tender Offer"). On September 25, 2019, a wholly-owner subsidiary of the Company amended the indenture to eliminate most of the restrictive covenants and certain default provisions of the indenture. The amendments to the indenture became operative on September 27, 2019 upon, the Company's acceptance and payment for the notes previously validly tendered and not validly withdrawn pursuant to the Tender Offer for an aggregate of \$242.6 million, which represented a purchase price of \$950.00 per \$1,000.00 in principal amount of the Notes validly tendered.