Company Registration No. 02997679

Barrie Knitwear Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2019

Barrie Knitwear Limited

Annual report and financial statements for the year ended 31 December 2019

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Barrie Knitwear Limited

Annual report and financial statements for the year ended 31 December 2019

Officers and professional advisers

Directors

B Pavlovsky
J Young
E Dupont (resigned 29 April 2020)
J Chenain (appointed 29 April 2020)

Company Secretary

P Gaff

Registered Office

5 Queensway
Croydon
CR9 4DL

Bankers

HSBC Bank plc
Level 2
62-76 Park Street
London
SE1 9DZ

Solicitors

CCW Business Lawyers Ltd
Crescent House
Carnegie Campus
Enterprise Way
Dunfermline
KY11 8GR

Auditor

Deloitte LLP
Statutory Auditor
Edinburgh
United Kingdom

Principal activities

The directors, in preparing this strategic report, have complied with s414c of the Companies Act 2006. The principal activity of Barrie Knitwear Limited (the "Company") is the manufacture and sale of premium cashmere goods. The directors do not believe that there will be any significant change in the Company's activities for the foreseeable future.

Strategy and objectives

Our focus remains the manufacture of premium cashmere garments for prestigious fashion houses and major designer brands, along with the continued development of the BARRIE brand of ready-to-wear knitwear.

Directors' obligations under Section 172 of the Companies Act 2006

A director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. The Directors consider what is most likely to promote the success of the Company in the long term. The Directors consider the interests of the Company's employees and other stakeholders including the communities in which we operate and society as a whole. The company is part of the Chanel group of companies and through its own policies adheres to Chanel's corporate governance principles (as reported on page 12 of the Chanel Ltd Annual Report).

Financial review and key performance indicators

The Board monitors the Company's performance in a number of ways including key performance indicators. The key financial performance indicators together with the information for 2019 and 2018 are as follows:

	2019	2018 (restated)*
Turnover (£'000)	18,747	17,719
Gross margin %	28	26
Operating profit (£'000)	1,389	1,341

Turnover represents the value of goods invoiced to customers in the year (excluding VAT) and measures sales growth or decline in value terms.

The gross margin % is calculated by dividing gross profit by revenue and measures the total profitability of product sales.

Operating profit is the profit generated by the Company from trading operations, excluding foreign exchange gains and losses. This indicator measures the overall profitability of the business before foreign exchange, interest charges and taxation. The directors assessed the carrying value of the investment held in Barrie France for the year-ended 31 December 2019. Given the business continues to be loss-making and growth rates also continue to fall short of projections, a full impairment of the investment (£883k) in Barrie France was recognised in the year. This has significantly reduced the overall profit for the financial year to £56k (2019: £1,038k).

* The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 2.

Financial performance indicators are measured against budget and prior year results monthly and are re-forecast three times a year. The company is part of the Chanel group of companies and participates in Chanel's climate strategy based on three commitments: significantly reducing the carbon emissions within direct operations to be in line with the Paris agreement targets; transitioning to green power in direct operations and working with our supply base to accompany them in this transition; compensating for all the carbon emissions linked to our business activities that we can't otherwise reasonably reduce at this time.

Strategic report (continued)
for the year ended 31 December 2019

Profit and loss account

Turnover for the year increased by £1,028k (5.8%) mainly due to increased demand from our parent company.

2019 saw an improvement in gross margin rising to 28% in 2019 (2018: 26%) due to a better mix of product and an improvement in labour efficiency.

Profit before tax fell to £256k (2018: £1,291k) mainly due to a full impairment of the investment (£883k) in Barrie France recognised in the year.

Balance sheet

The Company reports a net asset position as at 31 December 2019 of £7,660k (2018 (restated): £7,604k).

Principal risks and uncertainties

Until any clear proposals with regard to transitional rules and the terms of an exit plan are announced by the UK Government, there is uncertainty about the implications of Brexit for the Company. The primary risk following the decision to leave the European Union is the implication of any changes to duty and the ability to freely move goods across borders for the purposes of production and sale of goods. The economic implications resulting from the impact of Brexit are largely beyond the control of the Company, however, the Company will continue to maintain an open dialogue regarding the impact of Brexit with key suppliers, stakeholders and professional advisors.

COVID-19

Following a strong start to 2020, the Covid-19 pandemic has had a significant impact on our business, resulting in the temporary closure of our production facilities, our boutique and boutiques of our customers worldwide. Whilst we navigate through these unprecedented times, the Company's top priority remains the health and wellbeing of its employees and customers.

The full financial impact of this health crisis for 2020 and beyond is impossible to predict with a high degree of certainty, but the Company will actively take measures to preserve cash flows and the long term vision of the business and the brand. At the date of this report our production facilities and boutique are open and operating in accordance with local government guidelines.

Barrie Knitwear Limited

Strategic report (continued)
for the year ended 31 December 2019

Financial risks

The Company's activities expose it to a number of financial risks including credit risk, liquidity risk and foreign exchange risk.

Credit risk

The Company's principal assets subject to credit risk are cash, trade debtors and intercompany debtors. The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made when there is a triggering event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Credit insurance is obtained in respect of trade debtors.

Liquidity risk

Sufficient funds for ongoing operations and future developments are ensured through a mixture of short and long-term intercompany funding and retained profits.

Foreign exchange risk

The Company's activities expose it to the financial risks of changes in foreign currency rates, most notably the Euro and US Dollar. The Company does not currently use foreign exchange forward contracts to hedge these exposures.

Business risks

Industry competitors

Competitive pressure is a continuing risk for the Company, which could result in it losing sales to its key competitors. The Company manages this risk through retaining its high reputation in the marketplace and by maintaining strong relationships with external customers, which account for 43% (2018: 44%) of turnover.

High quality products and skill shortages

The Company is reliant on the skills of its product development and manufacturing workforce, investment in up-to-date machinery and maintaining high focus on the quality of the Company's products. The Company manages the skills shortage risk by continually seeking to recruit and retain skilled trades-people and by operating its own training school for key skill manufacturing operations. A network of reputable UK and EU sub-contractors is also being developed.

Approved by the Board of Directors and signed on behalf of the Board

J Young

Director

16 December 2020

Barrie Knitwear Limited

Directors' report
for the year ended 31 December 2019

The directors present their annual report on the affairs of Barrie Knitwear Limited, together with the audited financial statements and auditor's report, for the year ended 31 December 2019.

Principal activities

The principal activity of the Company relates to the manufacture and sale of premium cashmere goods. The directors consider the Company's trading for the year to be in line with expectations.

The financial position of the Company, together with the factors that are likely to affect its future development, financial risk management, performance and financial position are set out in the Strategic Report (on pages 2 to 4).

Results and dividends

Details of the results for the year are shown in the profit and loss account on page 11 and the related notes. No dividends, interim or final, were paid or proposed during the year (2018: 44p per share, £1,000k).

Going concern

The directors have performed an assessment of the financial performance and financial position of the Company and are satisfied that the business remains a going concern. The Company made a profit before tax of £256k in 2019 (2018 (restated): £1,291k) and is forecast to make a profit in 2020. The Company continues to have a strong balance sheet.

Not only does Barrie Knitwear Limited remain a key supplier to Chanel's RTW (ready-to-wear) knitwear business, the Company continues to diversify its customer portfolio along with the ongoing development of the BARRIE brand and the continued substantial investment in new plant and machinery.

Since the period under review, the rapid spreading of COVID-19 has become a significant emerging risk to the global economy. The directors continue to monitor the impact of the virus on the business as more information about the epidemic emerges, with particular focus on key staff impacting the ability to deliver and customer demand for products. At the time of signing the directors do not consider COVID-19 to impact the Company's ability to continue as a going concern and consider the balance sheet to be appropriately valued based on current market conditions.

The directors have considered the going concern assumption given the current economic climate and have formed the conclusion that there is reasonable expectation that the Company will continue to operate in the foreseeable future and will remain profit-making. The directors have considered the Company forecast and reasonable risks and sensitivity scenarios in forming this judgement.

Events after the balance sheet date

Since the period under review, the rapid spread of Covid-19 has become a significant emerging risk to the global economy; this has been discussed further in the Strategic Report.

Until any clear proposals with regard to transitional rules and the terms of an exit plan are announced by the UK Government, there is uncertainty about the implications of Brexit for the Company. The primary risk following the decision to leave the European Union is the implication of any changes to duty and the ability to freely move goods across borders for the purposes of production and sale of goods. The economic implications resulting from the impact of Brexit are largely beyond the control of the Company, however, the Company will continue to maintain an open dialogue regarding the impact of Brexit with key suppliers, stakeholders and professional advisors.

The directors approved the accounts on 16 December 2020 and J Young was authorised to sign on their behalf.

Barrie Knitwear Limited

Directors' report
for the year ended 31 December 2019

Employee involvement

The Company is committed to an active equal opportunities policy. It is the Company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of our employees and the needs of the business.

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company, which is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Directors

The directors who held office throughout the year and to the date of this report, unless otherwise indicated, were as follows:

B Pavlovsky
J Young
E Dupont (resigned 29 April 2020)
J Chenain (appointed 29 April 2020)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors and Officers which were made during the year and remain in force at the date of this report.

Statement as to disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006. Deloitte have indicated their willingness to be reappointed for another term and appropriate arrangements for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

Jen Young

J Young

Director

16 December 2020

Barrie Knitwear Limited

Directors' responsibilities statement for the year ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Barrie Knitwear Limited

for the year ended 31 December 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Barrie Knitwear Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Barrie Knitwear Limited (continued)

for the year ended 31 December 2019

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Use of our report

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.

James Boyle CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Edinburgh

United Kingdom

17 December 2020

Barrie Knitwear Limited

Profit and loss account
For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000 (restated)
Turnover	4	18,747	17,719
Cost of sales		(13,587)	(13,032)
Gross profit		5,160	4,687
Distribution costs		(258)	(231)
Administrative expenses		(3,513)	(3,115)
Operating profit		1,389	1,341
Impairment loss on investments	13	(883)	-
Interest payable and similar charges	8	(229)	(48)
Interest expense on lease liability	8	(21)	(2)
Profit before taxation	5	256	1,291
Tax on profit	9	(200)	(253)
Profit for the financial year		56	1,038

The results reflect the continuing operations of the Company.

The Company has no other recognised gains or losses in the year other than as presented in the profit and loss account above and therefore no separate Statement of Comprehensive Income has been presented.

Barrie Knitwear Limited

Balance sheet
as at 31 December 2019

	Notes	2019 £'000	2018 £'000 (restated)
Fixed assets			
Intangible assets	10	495	495
Tangible assets	11	4,223	3,441
Right of use assets	12	1,384	63
Investments	13	-	883
		6,102	4,882
Current assets			
Stocks	14	2,541	2,791
Debtors	15	3,813	3,461
Cash at bank and in hand		1,672	1,477
		8,026	7,729
Creditors: amounts falling due within one year	16	(5,211)	(4,861)
Net current assets		2,815	2,868
Total assets less current liabilities		8,917	7,750
Lease Liabilities falling due after one year	17	(1,181)	(55)
Provisions for liabilities	18	(76)	(91)
Total net assets		7,660	7,604
Capital and reserves			
Called up share capital	19	2,271	2,271
Profit and loss account		5,389	5,333
Shareholders' funds		7,660	7,604

The financial statements of the Company (registered number 02997679) were approved by the Board of Directors and authorised for issue on 16 December 2020. They were signed on its behalf by:

J Young

J Young
Director

Barrie Knitwear Limited

Statement of changes in equity for the year ended 31 December 2019

	Called Up Share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2018 (restated)	2,271	5,295	7,566
Profit and total comprehensive income for the period	-	1,038	1,038
Dividends paid (Interim)	-	(1,000)	(1,000)
Balance as at 31 December 2018 (restated)	2,271	5,333	7,604
Balance at 1 January 2019 (restated)	2,271	5,333	7,604
Profit and total comprehensive income for the period	-	56	56
Balance as at 31 December 2019	2,271	5,389	7,660

1. **General Information**

Barrie Knitwear Limited is a private Company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. **Significant accounting policies**

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of Chanel International BV. The consolidated financial statements for Chanel International BV are publicly available as described in note 22.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

The Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3. The impact of the adoption of IFRS 16 on the Company's consolidated financial statements is described below. The date of initial application of IFRS 16 for the Company is 1 January 2019. The Company has applied IFRS 16 using the full retrospective approach, with restatement of the comparative information.

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior years. In its measurement of lease liabilities the Company discounted lease payments using an incremental base rate of 2.795% based on the lessee legal entity credit risk and the remaining lease term at 1 January 2019.

Impact on profit and loss for the year

	2019 £'000	2018 £'000
Increase in depreciation of right of use asset	(78)	(8)
Increase in finance costs	(21)	(2)
Decrease in operating lease costs	103	9
Increase / (Decrease) in profit for the year	**4**	**(1)**

2. **Significant accounting policies (continued)**

Impact on assets, liability and equity

As at 1 Jan 2018	As previously reported £'000	IFRS 16 adjustments £'000	As restated £'000
Fixed Assets			
Right of use assets	-	63	63
Net impact on total assets	-	63	63
Obligations under finance leases			
Lease Liabilities	-	(63)	(63)
Net impact on total liabilities	-	(63)	(63)
Retained Earnings	-	-	-
As at 31 December 2018			
Fixed Assets			
Right of use assets	-	63	63
Net impact on total assets	-	63	63
Lease Liabilities	-	(63)	(63)
Net impact on total liabilities	-	(63)	(63)
Retained Earnings	-	-	-
As at 31 December 2019			
Fixed Assets			
Right of use assets	-	1,384	1,384
Net impact on total assets	-	1,384	1,384
Lease Liabilities	-	(1,314)	(1,314)
Trade & Other Payables		(133)	(133)
Net impact on total liabilities	-	(1,447)	(1,447)
Retained Earnings	-	(63)	(63)

The adoption of IFRS 16 did not have an impact on net cash flows

2. Significant accounting policies (continued)

Going concern

The directors have performed an assessment of the financial performance and financial position of the Company and are satisfied that the business remains a going concern. The Company made a profit before tax of £256k in 2019 (2018 (restated): £1,291k) and is forecast to make a profit in 2020. The Company continues to have a strong balance sheet.

Not only does Barrie Knitwear Limited remain a key supplier to Chanel's RTW (ready-to-wear) knitwear business, the Company continues to diversify its customer portfolio along with the ongoing development of the BARRIE brand and the continued substantial investment in new plant and machinery.

Since the period under review, the rapid spreading of COVID-19 has become a significant emerging risk to the global economy. The directors continue to monitor the impact of the virus on the business as more information about the epidemic emerges, with particular focus on key staff impacting the ability to deliver and customer demand for products. At the time of signing the directors do not consider COVID-19 to impact the Company's ability to continue as a going concern and consider the balance sheet to be appropriately valued based on current market conditions.

The directors have considered the going concern assumption given the current economic climate and have formed the conclusion that there is reasonable expectation that the Company will continue to operate in the foreseeable future and will remain profit-making. The directors have considered the Company forecast and reasonable risks and sensitivity scenarios in forming this judgement.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue from the sale of goods is recognised when all the following conditions are satisfied: the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Leases

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised using the rate of exchange ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in interest payable and other expenses in line with the Chanel group accounting policy.

2. **Significant accounting policies (continued)**

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or for administrative purposes are stated in the balance sheet at historic cost less depreciation and impairment losses.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	3%
Fixtures & Fittings and Plant & Machinery	12% - 25%

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

2. Significant accounting policies (continued)

Patents and trademarks

Patents and trademarks are measured initially at fair value and are amortised on a straight-line basis over their estimated useful lives.

Goodwill

Goodwill arising from an acquisition is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised over a finite life but is reviewed for impairment at least annually. This is a departure from the requirements of the Act, taken in order to provide a true and fair view of the goodwill position in accordance with FRS 101.

Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible, intangible and investment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments

Fixed asset investments are shown at cost less provision for impairment when identified.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and (where applicable), direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2. Significant accounting policies (continued)

Financial instruments

Derivative financial instruments

The Company does not enter into derivative financial instruments.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss account.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

2. Significant accounting policies (continued)

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Adoption of New and Revised Standards

In the current year, the company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except for IFRS 16 which has been applied using the full retrospective approach, with restatement of the comparative information.

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation
IAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
Annual Improvements to IFRS Standards 2015–2017 Cycle	

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and also to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The preparation of financial statements in conformity with FRS 101 requires the directors to exercise their judgement, apart from those involving estimations (which are dealt with separately below), in the process of applying the Company's accounting policies. These critical judgements are disclosed below.

Impairment of stocks

Inventories are valued at the lower of average cost and net realisable value. Cost comprises direct purchase cost and those labour costs and overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated and directly attributable costs of completion and costs to be incurred in the marketing, selling and distribution. Net realisable value includes, where necessary, provisions for slow-moving and damaged inventory. The provision represents the difference between the cost of stock and its estimated net realisable value. Calculation of these provisions requires judgements to be made which include forecast customer demand, the promotional, competitive and economic environment and inventory loss trends.

Investments

The Company has 100% ownership of Barrie France, a company incorporated in France whose principal activity is the retail of premium cashmere goods in Paris. Barrie France is currently not profit generating and has been reviewed as described in the policy above relating to tangible assets and investments.

Key sources of estimation uncertainty

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

Impairment of investments, goodwill and intangible assets

The directors assessed the carrying value of the investment held in Barrie France for the year-ended 31 December 2019. Given the business continues to be loss-making and growth rates also continue to fall short of projections, a full impairment of the investment (£883k) in Barrie France was recognised in the year.

During the year, the directors also considered the recoverability of goodwill and intangible assets. These assets continue to be used to generate value for the Company and their net carrying values continue to be supported.

Sensitivity analysis has been carried out and management is confident that the carrying amount of goodwill will be recovered in full. This situation will be monitored, and adjustments made in future periods if future market activity or business decisions indicates that such adjustments are appropriate. Additional information can be found in Note 10.

4. Turnover

All of the Company's turnover is generated from the sale of goods.

An analysis of the Company's turnover by geographical market is set out below.

	2019 £'000	2018 £'000
Turnover:		
France	13,648	12,991
Switzerland	1,587	1,142
United Kingdom	1,314	1,130
Other European	731	531
USA	524	770
Japan	206	572
Rest of World	737	583
	18,747	17,719

5. Profit before taxation

Profit for the year has been arrived at after charging/(crediting):

	2019 £'000	2018 £'000 (restated)
Depreciation of right of use assets (note 12)	78	8
Depreciation of tangible fixed assets (note 11)	641	565
Cost of stock recognised as expense	13,587	13,032
Net change in stock write-down provision	181	(13)
Staff costs (note 7)	7,260	7,303
Compensation for loss of office – exceptional	135	277
Impairment loss on investments (note 13)	883	-
Lease exit costs	10	17

The compensation for loss of office in 2019 was paid to no directors (2018: one director).

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £32,000 (2018: £33,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company were £14,150 (2018: £8,000), in relation to tax compliance and agreed upon procedures for retail turnover certification.

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2019 Number	2018 Number
Manufacturing	254	251
Admin and sales	15	16
	269	267

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	6,307	6,370
Social security costs	583	570
Defined contribution pension costs	370	363
	7,260	7,303

The directors' aggregate remuneration in respect of qualifying services was:

	2019 £'000	2018 £'000
Remuneration	122	154
Defined contribution pension costs	14	10
	136	164

The number of directors who accrued benefits under company pension plans was:

	2019 No.	2018 No.
Defined contribution plans	1	1

In 2019 the remuneration of two directors (2018: two directors) was paid by other companies within the Chanel group. These directors do not receive remuneration for specific services provided to the Company.

8. Interest payable and similar charges

	2019 £'000	2018 £'000 (restated)
Interest expense on amounts owed to group undertakings	18	19
Interest expense on lease liability	21	2
Loss on foreign exchange	211	29
	250	50

9. Tax on profit

	2019 £'000	2018 £'000
Current tax - United Kingdom corporation tax		
Current tax on profits for the year	222	280
Adjustment in respect of prior years	(24)	-
Total current tax	198	280
Deferred tax – see note 18		
Current year	26	(30)
Adjustment in respect of prior years	(21)	-
Effect of changes in tax rates	(3)	3
Total deferred tax	2	(27)
Total tax charge for year recognised in profit and loss account	200	253

Reconciliation of tax charge

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax of 19.00% (2018: 19.00%) to the profit before tax is as follows:

	2019 £'000	2018 £'000
Profit before taxation	256	1,291
Tax on profit at 19.00% (2018: 19.00%)	49	245
Effects of:		
Expenses not deductible for tax purposes	199	5
Tax rate changes	(3)	3
Adjustment in respect of prior years	(45)	-
Tax charge for the year	200	253

The standard rate of tax applied to reported profit is 19.00% (2018: 19.00%).

Finance (No. 2) Act 2015 and Finance Act 2016 enacted reductions in the UK corporation tax rate to 19.00% with effect from 1 April 2017 and 17% with effect from 1 April 2020, respectively. These rate reductions have been reflected in the calculation of corporation tax at the Statement of Financial position date. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at 19.00% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the Company's future tax charge.

10. Intangible Assets

	Goodwill £'000	Patents and trademarks £'000	Total £'000
Cost			
At 1 January 2019 and 31 December 2019	495	90	585
Amortisation			
At 1 January 2019	-	(90)	(90)
Charge for the year	-	-	-
At 31 December 2019	-	(90)	(90)
Carrying amount			
At 31 December 2019	495	-	495
At 31 December 2018	495	-	495

The goodwill balance relates to the acquisition of the trade and assets of Barrie Knitwear Limited from Dawson International Trading Limited on 16 October 2012. Goodwill is capitalised and has an indefinite life. It is not being amortised but is subject to annual impairment review. To date no goodwill has been impaired. Goodwill is considered to have an indefinite economic life because it is associated with the location of the production facility.

The annual impairment review is based on a value in use calculation using cash flow projections. The main assumptions are:

Growth rate from year 2 to 5: 2.0% and then 1.0% in perpetuity

Discount rate: 7.1%

The growth rate is based on UK long-term forecast GDP.

The discount rate applied to cash flows are based on the Group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate.

Sensitivities

A sensitivity analysis had been performed on each of the base case assumptions used for assessing the goodwill with other variables held constant. The directors have concluded that there are no reasonably possible changes in any key assumption which would cause the carrying amount of goodwill to exceed its value in use.

Patents and trademarks are amortised over their estimated useful lives, which is on average four years.

11. Tangible Fixed Assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 January 2019	1,027	3,812	222	5,061
Additions	125	726	631	1,482
Disposals	-	(646)	-	(646)
At 31 December 2019	1,152	3,892	853	5,897
Accumulated depreciation				
At 1 January 2019	104	1,462	54	1,620
Charge for the year	56	545	40	641
Disposals	-	(587)	-	(587)
At 31 December 2019	160	1,420	94	1,674
Carrying amount				
At 31 December 2019	992	2,472	759	4,223
At 31 December 2018	923	2,350	168	3,441

12. Right of Use Assets

Cost	Land and buildings £'000
At 1 January 2019 (restated)	63
Additions	1,399
Disposals	-
At 31 December 2019	1,462
Accumulated depreciation	
At 1 January 2019 (restated)	-
Charge for the year	78
Disposals	-
At 31 December 2019	78
Carrying amount	
At 31 December 2019	1,384
At 31 December 2018 (restated)	63

The Company leases two buildings under ten year lease terms: a production facility in Arbroath at a rental of £9,250 p.a, and a retail premises in London at a rental of £160k p.a.

The maturity analysis of lease liabilities is presented in note 17.

13. Investments

	2019 £'000	2018 £'000
Cost and net book value	-	883

The above investment relates to ordinary shares and the Company's 100% ownership of Barrie France, a company incorporated in France, whose registered address is 12 rue Duphot, 75001, Paris. The principal activity of Barrie France is the retail of premium cashmere goods in Paris.

For the purposes of impairment testing the value of the investment is calculated from cash flow projections for five years, the results of which are reviewed by the Directors. The key assumptions for the valuation are those regarding the discount rates, growth rates and changes in margin. Management estimate discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to this investment. Changes in sales revenues and direct costs are based on recent experience of this and similar businesses and expectations of future changes in the market. Based on this assessment the Company recognised a full impairment (£883k) of its investment in Barrie France.

14. Stocks

	2019 £'000	2018 £'000
Raw materials	1,181	1,698
Work-in-progress	883	1,169
Finished goods	1,228	494
	3,292	3,361
Provision	(751)	(570)
	2,541	2,791

15. Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year		
Trade receivables	1,380	1,507
Allowance for doubtful debts	(28)	(26)
	1,352	1,481
Trade receivables owed by group undertakings	1,868	1,950
Other debtors	593	30
	3,813	3,461
Ageing of trade receivables		
Not past due	2,460	2,977
Less than one month past due	433	226
Greater than one month past due	355	254

Trade receivables relating to the Company's activities have payment terms that are generally less than three months.

There are no differences between the market value of trade receivables and their carrying amount due to their short-term nature. As a result, the amounts reflected in the balance sheet were based on the expected cash flows which were not discounted as they were expected to be received within the next three months.

The Company has established credit check procedures to ensure the high credit worthiness of its customers.

As of 31 December 2019 and 2018, there was no allowance for doubtful debts related to accounts which were not past due.

The trade receivables owed by group undertakings relate to trading from the sale of ready to wear fashion to other subsidiaries, the payment terms are 60 days from invoice date. No guarantees or securities are in place and there are no provisions or expenses in the year for doubtful debts in respect of group trading or the outstanding balances.

16. Trade and other payables

	2019 £'000	2018 £'000 (restated)
Trade creditors	949	1,267
Amounts owed to group undertakings	2,685	2,617
Lease Liability	149	8
Taxation and social security	208	170
Corporation tax	90	113
Other Creditors	-	19
Accruals	1,130	667
	5,211	4,861

£2,524k of the amounts owed to group undertakings are from a funding facility which is unsecured, with interest (at Bank of England base rate, currently 0.75%) paid monthly, has no fixed date of repayment and is repayable on demand. The remaining £161k owed to group undertakings relates to trade purchasing , the payment terms are 60 days from invoice date. No guarantees or securities are in place and there are no provisions or expenses in the year for doubtful debts in respect of group trading or the outstanding balances.

17. Lease Liabilities

Maturity analysis

	2019 £'000	2018 £'000 (restated)
Year 1	133	8
Year 2	136	8
Year 3	140	8
Year 4	144	8
Year 5	148	9
Onwards	613	22
	1,314	**63**
Analysed as:		
Non-current	1,181	55
Current	133	8
	1,314	**63**

The Company leases two buildings under ten year lease terms: a production facility in Arbroath at a rental of £9,250 p.a, this lease matures in May 2026 and a retail premises in London at a rental of £160k p.a., this lease matures in June 2029.

The total cash outflow for leases amount to £49k (2018: £9k).

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

18. Provisions for liabilities

	2019 £'000	2018 £'000
Exit cost on lease	-	17
Deferred Tax	76	74
	76	91

	Exit cost on lease £'000	Deferred Tax £'000	Total £'000
At 1 January 2019	17	74	91
Utilisation of provision	(17)	-	(17)
Adjustment in respect of prior years	-	(21)	(21)
Deferred tax charge for period	-	23	23
At 31 December 2019	-	76	76

The following are the major deferred tax liabilities and assets recognised by the Company.

	2019 £'000	2018 £'000
Fixed assets	82	82
Accrued pension	(6)	(8)
	76	74

The cash payment for the exit costs on the Burlington lease was completed in December 2019 and was for £27k, the additional £10k was taken as a charge in 2019.

19. Share capital

	2019 £'000	2018 £'000
Authorised:		
2,271,046 ordinary shares of £1 each	2,271	2,271
Issued and fully paid:		
2,271,046 ordinary shares of £1 each	2,271	2,271

The Company has one class of ordinary shares which carry no right to fixed income.

20. Retirement benefit schemes

Defined contribution schemes

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in funds under the control of trustees.

The total cost charged to the profit and loss account of £370k (2018: £363k) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans.

21. Related party transactions

The Company has taken advantage of the exemption granted by paragraphs 8(j) and 8(k) of FRS 101 not to disclose all transactions with wholly-owned Arnam SARL group companies.

In the year Barrie Knitwear Limited entered into transactions with NFP to the value of £415k (2018: £350k). NFP is a Company owned and managed by director Bruno Pavlovsky's wife, Nathalie Pavlovsky. NFP provide marketing and brand-building services to the Company as part of the ongoing development of the BARRIE brand. Prices are agreed through discussions with directors of Chanel's manufacturing division (Manufactures de Mode), who are not directors of Barrie Knitwear Limited, nor are they a shareholder in, or related to any person in NFP. As at the 31 December 2019 the amount outstanding to NFP was £30k (2018: £35k).

22. Controlling party

Chanel Limited, a company incorporated in the United Kingdom, produces consolidated financial statements that the directors regard to be the smallest and largest group of which the Company is a member. The registered office of Chanel Limited is 5 Barlow Place, London, W1J 6DG. Chanel Limited's consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ. The directors regard the ultimate parent company and controlling party to be Litor Limited, a company incorporated in the Cayman Islands.