

Company Registration No. 02997679

Barrie Knitwear Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2021

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Barrie Knitwear Limited

Annual report and financial statements for the year ended 31 December 2021

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Barrie Knitwear Limited

Annual report and financial statements for the year ended 31 December 2021

Officers and professional advisers

Directors

B Pavlovsky
J Young
J Chenain

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

Ernst & Young LLP
Statutory Auditor
Edinburgh
United Kingdom

Barrie Knitwear Limited

Strategic report for the year ended 31 December 2021

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 in 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 2021 and 2020 are as follows:

| | 2021 | 2020 |
|--------------------------|--------|--------|
| Turnover (£'000) | 18,833 | 16,298 |
| Gross margin % | 29 | 22 |
| Operating profit (£'000) | 1,453 | 604 |

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.

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.

Barrie Knitwear Limited
Strategic report (continued)
for the year ended 31 December 2021

Profit and loss account

Turnover for the year increased by £2,535k (15.6%) due to a recovery in the market after the initial impact of Covid-19 adversely impacted demand in 2020.

Gross margin rose to 29% in 2021 (2020: 22%) due to improved efficiencies from operating at close to capacity for the whole year. Operating Profit rose to 7.8% in 2021 (2020: 3.7%) due to the higher sales and improved efficiency.

Profit before tax rose to £1,421k (2020: £554k) because of the improved operating performance.

Balance sheet

The Company reports a net asset position as at 31 December 2020 of £9,244k (2020: £8,093k).

Principal risks and uncertainties

COVID-19

The global spread of the Covid-19 pandemic and the resulting economic crisis have affected people in ways that were unimaginable. The Company and its parent Chanel are committed to supporting the communities where they operate. Priority has been given to supporting and protecting people, from employees to business partners, by ensuring pay continuity and by maintaining orders to support suppliers.

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.

Barrie Knitwear Limited
Strategic report (continued)
for the year ended 31 December 2021

Principal risks and uncertainties (continued)

Business risks

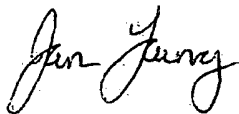
Industry competitors

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 2021 46% (2020: 45%) 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 -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

30 June 2022

Barrie Knitwear Limited

Directors' report for the year ended 31 December 2021

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 2021.

Principal activities

The principal activity of the Company relates to the manufacture and sale of premium cashmere goods.

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). 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.

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 (2020: Nil).

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 period of management's assessment is the period to 30 June 2023. The Company is reliant on paternal support from the Company's ultimate parent company Chanel Limited. The parent company has provided a letter of support confirming it will provide financial support for at least 12 months from the date of signing of these accounts so as to allow the Company to meet its obligations as they fall due. In reaching their conclusion on going concern, the Directors of the Company considered the parents going concern assessment updated in June 2022.

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 investment in new plant and machinery.

Since the period under review, COVID-19 remains a 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 luxury good market has recovered from the pandemic and therefore COVID-19 is not a primary risk. 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 to the end of June 2023 and reasonable risks and sensitivity scenarios in forming this judgement.

Events after the balance sheet date

The Company considered the existence of any subsequent events and the requirements to record and/or disclose the impact thereof.

Following Russia's invasion of Ukraine on 24 February, management took the decision to pause all operations with Russian customers. Whilst the geopolitical situation remains complex, the Company's exposure in the Russian market is minimal.

Since the period under review COVID-19 remains a significant risk to the global economy; this has been discussed further in the Strategic Report. At the time of signing the luxury good market has recovered from the pandemic and therefore COVID-19 is not a primary risk for the Company.

No other significant subsequent events were noted by the Company up to the date of signing of these accounts

The directors approved the accounts on 30 June 2022 and J Young was authorised to sign on their behalf.

Barrie Knitwear Limited

Directors' report (continued) for the year ended 31 December 2021

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. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Employees are involved in improving the Company's performance by sharing Key Performance Indicators, individual discussions with line managers and employee incentives to meet targets.

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
J Chenain

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 is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

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

J Young
Director
30 June 2022



Barrie Knitwear Limited

Directors' responsibilities statement for the year ended 31 December 2021

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.

Barrie Knitwear Limited

Independent auditor's report to the members of Barrie Knitwear Limited for the year ended 31 December 2021

Opinion

We have audited the financial statements of Barrie Knitwear Limited for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Balance Sheet and the Statement of changes in equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months to 30 June 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Barrie Knitwear Limited

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

for the year ended 31 December 2021

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and Companies Act 2006) and relevant tax compliance regulations in the UK. We also determined there was no non-compliance with regulatory requirements.

Barrie Knitwear Limited

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

for the year ended 31 December 2021

- We understood how Barrie Knitwear Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls at an entity level. Where the risk was considered to be higher, we performed audit procedures to address the identified fraud risk, management override of controls, specifically around revenue recognition.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by enquiries with management and other employees within the company to understand the entity's policies and procedures. We also obtained documentation on the entity-level controls environment to determine whether it supports the prevention, detection, and correction of material misstatements, including those that are due to fraud. We considered the risk of management override and determined that revenue recognition may present a fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements and accounts with all applicable requirements

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Ernst & Young LLP

Julie Cavin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
30 June 2022

Barrie Knitwear Limited

Profit and loss account

For the year ended 31 December 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|---------------------------------------|-------|---------------|---------------|
| Turnover | 4 | 18,833 | 16,298 |
| Cost of sales | | (13,293) | (12,697) |
| Gross profit | | 5,540 | 3,601 |
| Distribution costs | | (661) | (229) |
| Administrative expenses | | (3,426) | (2,768) |
| Operating profit | | 1,453 | 604 |
| Interest payable and similar expenses | 8 | (2) | (12) |
| Interest expense on lease liability | 8 | (30) | (38) |
| Profit before taxation | 5 | 1,421 | 554 |
| Tax on profit | 9 | (349) | (121) |
| Profit for the financial year | | 1,072 | 433 |

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 2021

| | | 2021 £'000 | 2020 £'000 |
|---|-------|----------------|----------------|
| | Notes | | |
| Fixed assets | | | |
| Intangible assets | 10 | 495 | 495 |
| Tangible assets | 11 | 3,307 | 3,746 |
| Right of use assets | 12 | 981 | 1,231 |
| | | <u>4,783</u> | <u>5,472</u> |
| Current assets | | | |
| Stocks | 14 | 5,721 | 4,001 |
| Debtors | 15 | 5,177 | 5,369 |
| Cash at bank and in hand | | 440 | 551 |
| | | <u>11,338</u> | <u>9,921</u> |
| Creditors: amounts falling due within one year | 16 | <u>(6,003)</u> | <u>(6,131)</u> |
| Net current assets | | <u>5,335</u> | <u>3,790</u> |
| Total assets less current liabilities | | <u>10,118</u> | <u>9,262</u> |
| Lease Liabilities falling due after one year | 17 | (904) | (1,088) |
| Provisions for liabilities | 18 | <u>(49)</u> | <u>(81)</u> |
| Total net assets | | <u>9,165</u> | <u>8,093</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 2,271 | 2,271 |
| Profit and loss account | | <u>6,894</u> | <u>5,822</u> |
| Shareholders' funds | | <u>9,165</u> | <u>8,093</u> |

The financial statements of the Company (registered number 02997679) were approved by the Board of Directors and authorised for issue on 30 June 2022. They were signed on its behalf by:



J Young
Director

Barrie Knitwear Limited

Statement of changes in equity for the year ended 31 December 2021

| | Called Up Share capital £'000 | Profit and loss account £'000 | Total £'000 |
|--|--|--|------------------------|
| Balance at 1 January 2020 | 2,271 | 5,389 | 7,660 |
| Profit and total comprehensive income for the period | - | 433 | 433 |
| Balance as at 31 December 2020 | <u>2,271</u> | <u>5,822</u> | <u>8,093</u> |
| Balance at 1 January 2021 | 2,271 | 5,822 | 8,093 |
| Profit and total comprehensive income for the period | - | 1,072 | 1,072 |
| Balance as at 31 December 2021 | <u>2,271</u> | <u>6,894</u> | <u>9,165</u> |

Barrie Knitwear Limited

Notes to the financial statements for the year ended 31 December 2021

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 Limited. The consolidated financial statements for Chanel Limited are publicly available as described in note 22. In accordance with s401 of the Companies Act 2006, group financial statements have not been prepared as the Company is a wholly owned subsidiary of Chanel Limited, which prepares group financial statements. Information in these financial statements is therefore presented for the individual company rather than for its group.

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.

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 period of management's assessment is the period to 30 June 2023. The Company is reliant on paternal support from the Company's ultimate parent company Chanel Limited. The parent company has provided a letter of support confirming it will provide financial support for at least 12 months from the date of signing of these accounts so as to allow the Company to meet its obligations as they fall due. In reaching their conclusion on going concern, the Directors of the Company considered the parents going concern assessment updated in June 2022.

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 investment in new plant and machinery.

Since the period under review, COVID-19 remains a 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 luxury good market has recovered from the pandemic and therefore COVID-19 is not a primary risk. 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 to the end of June 2023 and reasonable risks and sensitivity scenarios in forming this judgement.

Barrie Knitwear Limited
Notes to the financial statements (continued)
for the year ended 31 December 2021

2. Significant accounting policies (continued)

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.

Retirement benefit costs

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

Barrie Knitwear Limited
Notes to the financial statements (continued)
for the year ended 31 December 2021

2. Significant accounting policies (continued)

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% - 7% |
| Fixtures & Fittings and Plant & Machinery | 12% - 25% |
| Computer Equipment | 12% - 100% |

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

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

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.

Barrie Knitwear Limited
Notes to the financial statements (continued)
for the year ended 31 December 2021

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.

Barrie Knitwear Limited
Notes to the financial statements (continued)
for the year ended 31 December 2021

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.

Other new standards, amendments and interpretations adopted by the United Kingdom and mandatorily applicable for the first time in 2021

There were two amendments to existing standards during the year ended 31 December 2021.

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2021. The amendments provide relief to the Company in respect of certain loans whose contractual terms are affected by interest benchmark reform.

Covid-19-Related Rent concessions beyond 30 June 2021 (Amendments to IFRS 16). Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria: (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and (c) There is no substantive change to other terms and conditions of the lease. On 31 March 2021, the IASB issued another amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the above practical expedient to reductions in lease payments that were originally due on or before 30 June 2022.

No significant impact on the Company's financial statements has been identified because of these additional standards and amendments.

New standards, interpretations and amendments effective from 1 January 2022

There are no new standards or amendments to existing standards which are expected to have an impact for the Company.

New standards, interpretations and amendments not yet effective

The Company has taken advantage of the exemption under FRS 101 paragraph 8(i) not to disclose this information.

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

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.

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 stocks

Inventories are valued at the lower of average cost and net realisable value (note 14). 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.

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

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.

| | 2021 £'000 | 2020 £'000 |
|------------------|---------------|---------------|
| Turnover: | | |
| France | 13,675 | 11,494 |
| Switzerland | 1,465 | 1,835 |
| United Kingdom | 1,150 | 1,142 |
| Other European | 554 | 778 |
| USA | 438 | 295 |
| Japan | 395 | 165 |
| Rest of World | 1,155 | 589 |
| | <u>18,833</u> | <u>16,298</u> |

5. Profit before taxation

Profit for the year has been arrived at after charging:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Depreciation of right of use assets (note 12) | 137 | 173 |
| Depreciation of tangible fixed assets (note 11) | 778 | 746 |
| Cost of stock recognised as expense | 13,293 | 12,697 |
| Net change in stock write-down provision | (117) | 280 |
| Staff costs (note 7) | 7,429 | 7,362 |
| Loss \ (Gain) on foreign exchange | 345 | (201) |
| Compensation for loss of office | - | 71 |
| Lease Dilapidation Provisions | 30 | - |
| | <u>30</u> | <u>71</u> |

The compensation for loss of office in 2021 was paid to no directors (2020: No director).

6. Auditor's remuneration

Fees payable to EY LLP and their associates for the audit of the Company's annual accounts were £43,200 (2020: Deloitte LLP £35,000).

No fees were paid or are payable to EY LLP and their associates for non-audit services to the Company (2020: Deloitte LLP £24,010, in relation to tax compliance).

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

7. Staff costs

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

| | 2021 Number | 2020 Number |
|-----------------|----------------|----------------|
| Manufacturing | 239 | 246 |
| Admin and sales | 23 | 20 |
| | <u>262</u> | <u>266</u> |

Their aggregate remuneration comprised:

| | 2021 £'000 | 2020 £'000 |
|------------------------------------|---------------|---------------|
| Wages and salaries | 6,483 | 6,491 |
| Social security costs | 574 | 498 |
| Defined contribution pension costs | 372 | 373 |
| | <u>7,429</u> | <u>7,362</u> |

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

| | 2021 £'000 | 2020 £'000 |
|------------------------------------|---------------|---------------|
| Remuneration | 134 | 132 |
| Defined contribution pension costs | 16 | 15 |
| | <u>150</u> | <u>147</u> |

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

| | 2021 No. | 2020 No. |
|----------------------------|-------------|-------------|
| Defined contribution plans | <u>1</u> | <u>1</u> |

In 2021 the remuneration of two directors (2020: three 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 expenses

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Interest expense on amounts owed to group undertakings | 2 | 12 |
| Interest expense on lease liability | 30 | 38 |
| | <u>32</u> | <u>50</u> |

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

9. Tax on profit

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Current tax - United Kingdom corporation tax | | |
| Current tax on profits for the year | 319 | 109 |
| Adjustment in respect of prior years | 62 | 7 |
| Total current tax | <u>381</u> | <u>116</u> |
| Deferred tax – see note 18 | | |
| Current year | (40) | (5) |
| Adjustment in respect of prior years | (4) | - |
| Effect of changes in tax rates | 12 | 10 |
| Total deferred tax | <u>(32)</u> | <u>5</u> |
| Total tax charge for year recognised in profit and loss account | <u>349</u> | <u>121</u> |

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% (2020: 19.00%) to the profit before tax is as follows:

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Profit before taxation | 1,421 | 554 |
| Tax on profit at 19.00% (2019: 19.00%) | 270 | 105 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 9 | 3 |
| Income not taxable | - | (4) |
| Tax rate changes | 12 | 10 |
| Adjustment in respect of prior years | 58 | 7 |
| Tax charge for the year | <u>349</u> | <u>121</u> |

The standard rate of tax applied to reported profit is 19.00% (2020: 19.00%)

On 11 March 2021, Finance Bill 2021 was published which includes provision for the main rate of UK Corporation Tax to increase to 25% from 1 April 2023. As the rate change will be enacted after the balance sheet date, it is a non-adjusting post balance sheet event. However, the impact of recognising deferred tax at the new rate applicable when the deferred tax is forecast to crystallise would be an increase to the net deferred tax liability of £0k at 31 December 2021.

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

10. Intangible Assets

| | Goodwill £'000 | Patents and trademarks £'000 | Total £'000 |
|--|-------------------|------------------------------------|----------------|
| Cost | | | |
| At 1 January 2021 and 31 December 2021 | 495 | 90 | 585 |
| Amortisation | | | |
| At 1 January 2021 | - | (90) | (90) |
| Charge for the year | - | - | - |
| At 31 December 2021 | - | (90) | (90) |
| Carrying amount | | | |
| At 31 December 2021 | 495 | - | 495 |
| At 31 December 2020 | 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: 11.0% and then 2.0% in perpetuity

Discount rate: 8.2%

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.

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

11. Tangible Fixed Assets

| | Freehold land and buildings £'000 | Plant and machinery £'000 | Fixtures and Fittings £'000 | Total £'000 |
|---------------------------------|--|---------------------------------|--------------------------------------|----------------|
| Cost | | | | |
| At 1 January 2021 | 1,194 | 4,241 | 719 | 6,154 |
| Additions | 50 | 242 | 87 | 379 |
| Disposals | - | (394) | - | (394) |
| At 31 December 2021 | 1,244 | 4,089 | 806 | 6,138 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | 224 | 1,988 | 196 | 2,408 |
| Charge for the year | 65 | 592 | 121 | 778 |
| Disposals | - | (354) | - | (354) |
| At 31 December 2021 | 289 | 2,226 | 317 | 2,832 |
| Carrying amount | | | | |
| At 31 December 2021 | 955 | 1,863 | 489 | 3,307 |
| At 31 December 2020 | 970 | 2,253 | 523 | 3,746 |

12. Right of Use Assets

| | |
|---------------------------------|---|
| Cost | Land and buildings £'000 |
| At 1 January 2021 | 1,482 |
| Additions | - |
| Remeasurement | (113) |
| Disposals | - |
| At 31 December 2021 | 1,369 |
| Accumulated depreciation | |
| At 1 January 2021 | 251 |
| Charge for the year | 137 |
| Disposals | - |
| At 31 December 2021 | 388 |
| Carrying amount | |
| At 31 December 2021 | 981 |
| At 31 December 2020 | 1,231 |

The Company leases two buildings under ten-year short leasehold terms: a production facility in Arbroath at a rental of £9,750 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.

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

13. Investments

| | 2021 £'000 | 2020 £'000 |
|----------------|---------------|---------------|
| Cost | 883 | 883 |
| Impairment | 883 | 883 |
| Net Book Value | - | - |

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.

The Company first recognised a full impairment (£883k) of its investment in Barrie France in 2019.

On 6 November 2020 the Company also invested £1 in the whole ordinary share capital of Ultimate Yarns & Fibres Ltd, a company registered in England & Wales at 5 Queensway, Croydon, CR9 4DL, registration number 13003004, Principal Activity being the sourcing of fibres.

14. Stocks

| | 2021 £'000 | 2020 £'000 |
|------------------|---------------|---------------|
| Raw materials | 2,855 | 2,053 |
| Work-in-progress | 1,734 | 1,256 |
| Finished goods | 2,046 | 1,723 |
| | <u>6,635</u> | <u>5,032</u> |
| Provision | (914) | (1,031) |
| | <u>5,721</u> | <u>4,001</u> |

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

15. Debtors

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Amounts falling due within one year | | |
| Trade receivables | 930 | 2,192 |
| Allowance for doubtful debts | (24) | (39) |
| | <u>906</u> | <u>2,153</u> |
| Trade receivables owed by group undertakings | 1,092 | 1,631 |
| Loans to third parties | 1,939 | 472 |
| Prepayments | 1,134 | 1,030 |
| Other debtors | 106 | 83 |
| | <u>5,177</u> | <u>5,369</u> |
| Ageing of trade receivables | | |
| Not past due | 1,777 | 3,414 |
| Less than one month past due | 56 | 345 |
| Greater than one month past due | 189 | 64 |

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 2021, and 2020, 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.

The Loan to third parties is to a company in Mongolia who the Company and the Group are working with to establish an improved supply chain for cashmere fibre. The loan is due to be repaid in equal instalments from 2024 to 2030. The interest rate applied is 3-month LIBOR as published by Thomson Reuters two Business Days before the day that funds were transferred to the Borrower, plus a margin of 261.57 basis points.

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

16. Trade and other payables

| | 2021 £'000 | 2020 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 1,248 | 1,633 |
| Amounts owed to group undertakings | 3,466 | 3,536 |
| Lease Liability | 142 | 137 |
| Taxation and social security | 217 | 195 |
| Corporation tax | 314 | 67 |
| Accruals | 616 | 563 |
| | <u>6,003</u> | <u>6,131</u> |

£3,431k of the amounts owed to group undertakings are from a funding facility with Citibank which is unsecured with interest (at Bank of England base rate, currently 0.25%) paid monthly, has no fixed date of repayment and is repayable on demand. The remaining £35k owed to group undertakings relates to trade, the payment terms are 60 days from invoice date. No guarantees or securities are in place.

17. Lease Liabilities

Maturity analysis

| | 2021 £'000 | 2020 £'000 |
|---------------------|---------------|---------------|
| Year 1 | 142 | 136 |
| Year 2 | 144 | 140 |
| Year 3 | 148 | 144 |
| Year 4 | 152 | 148 |
| Year 5 | 156 | 152 |
| After five years | 304 | 505 |
| | 1,046 | 1,225 |
| Analysed as: | | |
| Non-current | 904 | 1,089 |
| Current | 142 | 136 |
| | 1,046 | 1,225 |

The Company leases two buildings under ten year short leasehold terms: a production facility in Arbroath at a rental of £9,750 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 £170k (2020: £169k).

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.

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

18. Provisions for liabilities

| | 2021 £'000 | 2020 £'000 |
|--------------------------------------|---------------|-----------------------------------|
| Deferred Tax | 49 | 81 |
| | <u>49</u> | <u>81</u> |
| | | Deferred Tax £'000 |
| At 1 January 2021 | | 81 |
| Adjustment in respect of prior years | | 4 |
| Deferred tax charge for period | | <u>28</u> |
| At 31 December 2021 | | <u>49</u> |

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

| | 2021 £'000 | 2020 £'000 |
|-----------------|---------------|---------------|
| Fixed assets | 57 | 87 |
| Accrued pension | (8) | (6) |
| | <u>49</u> | <u>81</u> |

19. Share capital

| | 2021 £'000 | 2020 £'000 |
|--------------------------------------|---------------|---------------|
| Authorised: | | |
| 2,271,046 ordinary shares of £1 each | <u>2,271</u> | <u>2,271</u> |
| Issued and fully paid: | | |
| 2,271,046 ordinary shares of £1 each | <u>2,271</u> | <u>2,271</u> |

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

Barrie Knitwear Limited

Notes to the financial statements (continued) for the year ended 31 December 2021

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 £372k (2020: £373k) 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 Litor Limited group companies.

In the year Barrie Knitwear Limited entered into transactions with NFP to the value of £444k (2020: £444k). 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 2021 the amount outstanding to NFP was £33k (2019: £78k).

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.