Company Registration No. 02997679

Barrie Knitwear Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2020

Barrie Knitwear Limited

Annual report and financial statements for the year ended 31 December 2020

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Barrie Knitwear Limited

Annual report and financial statements for the year ended 31 December 2020

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
Birmingham
United Kingdom

Barrie Knitwear Limited

Strategic report
for the year ended 31 December 2020

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 2020 and 2019 are as follows:

	2020	2019
Turnover (£'000)	**16,298**	**18,747**
Gross margin %	**22**	**28**
Operating profit (£'000)	**604**	**1,178**

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 2020

Profit and loss account

Turnover for the year decreased by £2,449k (13.1%) due to lower demand following the outbreak of the Covid-19 pandemic in March 2020.

Gross margin fell to 22% in 2020 (2019: 28%) also due to the Covid-19 pandemic with a five-week halt to production impacting manufacturing efficiency. Operating Profit fell to 3.7% in 2020 (2019: 6.3%) due to the high fixed cost base of the business and the drop in margin.

Profit before tax rose to £554k (2019: £256k) because there were no impairment charges in 2020 (2019: impairment of investment (£883k) in Barrie France).

Balance sheet

The Company reports a net asset position as at 31 December 2020 of £8,093k (2019: £7,660k).

Principal risks and uncertainties

The Company welcomed the announcement in December 2020 of a trade deal between the United Kingdom and the European Union meaning there are generally no tariffs on goods traded between territories. Nevertheless, there remains a risk to the business from additional bureaucracy for the Company and its customers seeking to move goods across borders. The economic implications resulting from the impact of Brexit are largely beyond the control of the Company, however, the Company continues 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 had a significant impact on business, resulting in the temporary closure of 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. There has been no use of government support schemes such as "furlough".

The full financial impact of this health crisis is impossible to predict with a high degree of certainty, but the Company continues to 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. Furthermore, we have seen a good increase in orders from customers since summer 2020 and for 2021 are forecasting a return to similar levels of turnover and profitability experienced prior to the Covid-19 pandemic.

Barrie Knitwear Limited
Strategic report (continued)
for the year ended 31 December 2020

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 45% (2019: 43%) 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

22 July 2021

Barrie Knitwear Limited

Directors' report
for the year ended 31 December 2020

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 2020.

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 their revised expectations in light of the Covid-19 pandemic.

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 (2019: 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 Company made a profit before tax of £554k in 2020 (2019: £256k) and is forecast to make a profit in 2021. The Company continues to have a strong balance sheet and benefits from the support of its parent Chanel Limited.

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 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 Covid-19 remains a significant risk to the global economy; this has been discussed further in the Strategic Report.

The directors approved the accounts on 22 July 2021 and J Young was authorised to sign on their behalf.

Barrie Knitwear Limited

Directors' report
for the year ended 31 December 2020

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. As illustrated in the Covid-19 pandemic the Company's priority is the health and wellbeing of its employees. The directors had employee interests uppermost in mind when temporarily closing facilities during 2020 and reopening with measures in place to mitigate the risk of virus transmission whilst safely delivering quality products to customers.

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 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. Following a tender process Chanel Group have announced Ernst & Young LLP (EY) will be appointed as auditors for the financial year ending 31 December 2021 and appropriate arrangements have been made for EY to be deemed appointed as auditor of the Company in the absence of an Annual General Meeting.

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

J Young
Director
22 July 2021

Barrie Knitwear Limited

Directors' responsibilities statement
for the year ended 31 December 2020

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 2020

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 2020 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
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 at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:
- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pension legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:
- We presume a risk of material misstatement due to fraud related to revenue recognition, pinpointed to the cut-off assertion. In response to this presumed risk, we assessed the design and implementation of key controls around revenue cut-off, and substantively tested whether revenue had been recognised in the proper accounting period through focusing our sample selections on pre and post year-end sales.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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 addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and reading minutes of meetings of those charged with governance.

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.

DocuSigned by:
James Isherwood
19750BCA07604EA...

James Isherwood (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom

22 July 2021

Barrie Knitwear Limited

Profit and loss account
For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Turnover	4	16,298	18,747
Cost of sales		(12,697)	(13,587)
Gross profit		3,601	5,160
Distribution costs		(229)	(258)
Administrative expenses		(2,768)	(3,724)
Operating profit		604	1,178
Impairment loss on investments	13	-	(883)
Interest payable and similar expenses	8	(12)	(18)
Interest expense on lease liability	8	(38)	(21)
Profit before taxation	5	554	256
Tax on profit	9	(121)	(200)
Profit for the financial year		433	56

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 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	10	495	495
Tangible assets	11	3,746	4,223
Right of use assets	12	1,231	1,384
Investments	13	-	-
		5,472	6,102
Current assets			
Stocks	14	4,001	2,541
Debtors	15	5,369	3,813
Cash at bank and in hand		551	1,672
		9,921	8,026
Creditors: amounts falling due within one year	16	(6,131)	(5,211)
Net current assets		3,790	2,815
Total assets less current liabilities		9,262	8,917
Lease Liabilities falling due after one year	17	(1,088)	(1,181)
Provisions for liabilities	18	(81)	(76)
Total net assets		8,093	7,660
Capital and reserves			
Called up share capital	19	2,271	2,271
Profit and loss account		5,822	5,389
Shareholders' funds		8,093	7,660

The financial statements of the Company (registered number 02997679) were approved by the Board of Directors and authorised for issue on 22 July 2021. They were signed on its behalf by:

J Young
Director

Barrie Knitwear Limited

Statement of changes in equity for the year ended 31 December 2020

	Called Up Share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2019	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
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	2,271	5,822	8,093

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 Company made a profit before tax of £554k in 2020 (2019: £256k) and is forecast to make a profit in 2021. The Company continues to have a strong balance sheet and benefits from the support of its parent Chanel Limited.

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 significant 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.

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.

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%

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.

Other new standards, amendments and interpretations adopted by the United Kingdom and mandatorily applicable for the first time in 2020

On 1 January 2020, the following additional standards which might have had an impact on the Company's financial statements came into force in the United Kingdom:

Conceptual framework	Amendments to references to the conceptual framework in IFRS standards
Amendments to IFRS 3	Definition of business
Amendments to IAS 1 and IAS 8	Definition of material
Amendment to IFRS 4	Extension of temporary exemption in applying IFRS 9

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

New standards, amendments and interpretations mandatorily applicable in annual reporting periods after 2020

The other new standards, amendments and interpretations approved by the IASB and approval status for use in the United Kingdom at 31 December 2020 and which are not expected to have an impact for the Company are as follows:

New standards, amendments and interpretations		Date applicable from
Amendments to IFRS 16	COVID-19- Related Rent Concessions	30 June 2020
Amendments to IFRS 7, IFRS 9 and IAS 39	Interest rate benchmark reform	1 January 2021
Amendment to IAS 37	Onerous contracts	1 January 2022
Annual improvements	2018 – 2020 cycle	1 January 2022
Amendment to IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
Amendment to IFRS 3	Conceptual framework	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
Amendment to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IFRS 10 and IAS 8	Sale or contribution of assets between investor and its associate or joint ventures	Deferred indefinitely

The Company will not adopt these new standards, amendments and interpretations early for the year ended 31 December 2020 but will adopt them in line with the commencement date stated above.

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.

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.

	2020 £'000	2019 £'000
Turnover:		
France	11,494	13,648
Switzerland	1,835	1,587
United Kingdom	1,142	1,314
Other European	778	731
USA	295	524
Japan	165	206
Rest of World	589	737
	16,298	18,747

5. Profit before taxation

Profit for the year has been arrived at after charging:

	2020 £'000	2019 £'000
Depreciation of right of use assets (note 12)	173	78
Depreciation of tangible fixed assets (note 11)	746	641
Cost of stock recognised as expense	12,697	13,587
Net change in stock write-down provision	280	181
Staff costs (note 7)	7,362	7,260
(Gain) \ Loss on foreign exchange	(201)	211
Compensation for loss of office – exceptional	71	135
Impairment loss on investments (note 13)	-	883
Lease exit costs	-	10

The compensation for loss of office in 2020 was paid to no directors (2019: No director).

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £35,000 (2019: £32,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company were £24,010 (2019: £14,150), in relation to tax compliance and in 2019 agreed upon procedures for retail turnover certification.

7. Staff costs

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

	2020 Number	2019 Number
Manufacturing	246	254
Admin and sales	20	15
	266	269

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	6,491	6,307
Social security costs	498	583
Defined contribution pension costs	373	370
	7,362	7,260

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

	2020 £'000	2019 £'000
Remuneration	132	122
Defined contribution pension costs	15	14
	147	136

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

	2020 No.	2019 No.
Defined contribution plans	1	1

In 2020 the remuneration of three directors (2019: 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 expenses

	2020 £'000	2019 £'000
Interest expense on amounts owed to group undertakings	12	18
Interest expense on lease liability	38	21
	50	39

9. Tax on profit

	2020 £'000	2019 £'000
Current tax - United Kingdom corporation tax		
Current tax on profits for the year	109	222
Adjustment in respect of prior years	7	(24)
Total current tax	116	198
Deferred tax – see note 18		
Current year	(5)	26
Adjustment in respect of prior years	-	(21)
Effect of changes in tax rates	10	(3)
Total deferred tax	5	2
Total tax charge for year recognised in profit and loss account	121	200

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% (2019: 19.00%) to the profit before tax is as follows:

	2020 £'000	2019 £'000
Profit before taxation	554	256
Tax on profit at 19.00% (2019: 19.00%)	105	49
Effects of:		
Expenses not deductible for tax purposes	3	199
Income not taxable	(4)	-
Tax rate changes	10	(3)
Adjustment in respect of prior years	7	(45)
Tax charge for the year	121	200

The standard rate of tax applied to reported profit is 19.00% (2019:19.00%)

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 crystalise would be an increase to the net deferred tax liability of £26k at 31 December 2020.

10. Intangible Assets

	Goodwill £'000	Patents and trademarks £'000	Total £'000
Cost			
At 1 January 2020 and 31 December 2020	495	90	585
Amortisation			
At 1 January 2020	-	(90)	(90)
Charge for the year	-	-	-
At 31 December 2020	-	(90)	(90)
Carrying amount			
At 31 December 2020	495	-	495
At 31 December 2019	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: 1.0% and then 1.0% in perpetuity

Discount rate: 7.5%

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 2020

11. Tangible Fixed Assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 January 2020	1,152	3,892	853	5,897
Additions	42	361	-	403
Disposals	-	(12)	(134)	(146)
At 31 December 2020	1,194	4,241	719	6,154
Accumulated depreciation				
At 1 January 2020	160	1,420	94	1,674
Charge for the year	64	580	102	746
Disposals	-	(12)	-	(12)
At 31 December 2020	224	1,988	196	2,408
Carrying amount				
At 31 December 2020	970	2,253	523	3,746
At 31 December 2019	992	2,472	759	4,223

12. Right of Use Assets

Cost	Land and buildings £'000
At 1 January 2020	1,462
Additions	20
Disposals	-
At 31 December 2020	1,482
Accumulated depreciation	
At 1 January 2020	78
Charge for the year	173
Disposals	-
At 31 December 2020	251
Carrying amount	
At 31 December 2020	1,231
At 31 December 2019	1,384

The Company leases two buildings under ten-year short leasehold 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.

Barrie Knitwear Limited

Notes to the financial statements (continued)
for the year ended 31 December 2020

13. Investments

	2020 £'000	2019 £'000
Cost	-	883
Impairment	-	(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

	2020 £'000	2019 £'000
Raw materials	2,053	1,181
Work-in-progress	1,256	883
Finished goods	1,723	1,228
	5,032	3,292
Provision	(1,031)	(751)
	4,001	2,541

15. Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year		
Trade receivables	2,192	1,380
Allowance for doubtful debts	(39)	(28)
	2,153	1,352
Trade receivables owed by group undertakings	1,631	1,868
Loans to third parties	472	-
Prepayments	1,030	508
Other debtors	83	85
	5,369	3,813
Ageing of trade receivables		
Not past due	3,414	2,460
Less than one month past due	345	433
Greater than one month past due	64	355

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 2020, and 2019, 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 on 14 December 2021, the first anniversary of the loan, or sooner based on specific events. The interest rate applied is 12-month LIBOR as published by Thomson Reuters two Business Days before the day that funds were transferred to the Borrower, plus a margin of 250 basis points.

16. Trade and other payables

	2020 £'000	2019 £'000
Trade creditors	1,633	949
Amounts owed to group undertakings	3,536	2,685
Lease Liability	137	149
Taxation and social security	195	208
Corporation tax	67	90
Accruals	563	1,130
	6,131	5,211

£2,578k 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 0.1%) paid monthly, has no fixed date of repayment and is repayable on demand. The remaining £888k 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

	2020 £'000	2019 £'000
Year 1	136	133
Year 2	140	136
Year 3	144	140
Year 4	148	144
Year 5	152	148
After five years	505	613
	1,225	**1,314**
Analysed as:		
Non-current	1,089	1,181
Current	136	133
	1,225	**1,314**

The Company leases two buildings under ten year short leasehold 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 £169k (2019: £49k).

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

	2020 £'000	2019 £'000
Deferred Tax	81	76
	81	76

	Deferred Tax £'000
At 1 January 2020	76
Adjustment in respect of prior years	-
Deferred tax charge for period	5
At 31 December 2020	81

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

	2020 £'000	2019 £'000
Fixed assets	87	82
Accrued pension	(6)	(6)
	81	76

19. Share capital

	2020 £'000	2019 £'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 £373k (2019: £370k) 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 (2019: £415k). 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 2020 the amount outstanding to NFP was £78k (2019: £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.