

Laddie Midco Limited

Registered number: 10192351

Annual Report

For the 52 week period ended 26 April 2020



LADDIE MIDCO LIMITED

COMPANY INFORMATION

Directors	J Stead N Vance
Registered number	10192351
Registered office	Mcbeath House 3rd Floor 310 Goswell Road London EC1V 7LW
Independent auditors	Ernst & Young LLP 1 Cambridge Business Park Cowley Road Cambridge CB4 0WZ
Solicitors	Willkie Farr & Gallagher (UK) LLP CityPoint, 1 Ropemaker Street London, EC2Y 9AW

LADDIE MIDCO LIMITED

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LADDIE MIDCO LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 26 APRIL 2020

Introduction

The directors present their strategic report and the audited financial statements for the 52 week period ended 26 April 2020.

Principal activities and review of the business

The company operates as an intermediate parent undertaking. The company is a non-trading entity and does not employ any staff.

The company is part of a group which offers multi channel distribution of its leading U.K. affordable, luxury accessory brand, Radley London. Its wholly owned indirect subsidiary, Radley + Co Limited, manages the group's U.K., USA and international wholesale distribution with respected department store partners and independent retailers. Additionally, a global eCommerce platform fulfils customer purchases in 44 countries around the world. This company provided 52% of all external group sales (2019: 55%). Radley Retail Limited, a wholly-owned subsidiary of Radley + Co Limited, operates our bricks and mortar distribution in the U.K. and in the year contributed 46% (2019: 42%) of all external group sales.

During the year a new wholly-owned subsidiary of Radley+Co Limited, Radley USA, LLC, was incorporated to manage sales and distribution to our North American customers, a key growth market. Sales from this entity have commenced in year FY21. In addition, Radley China Limited was formed in the year to sell as a domestic vendor on China's key B2C digital platforms and started trading in December 2019. China is another key growth market for the Radley group.

The group's wholly-owned Japanese subsidiary Radley Japan K.K. was closed in the year, trading until September 2019 and contributed 2% (2019: 3%) of all external group sales. The Radley website still fulfils orders to Japanese customers from the U.K.

The results for the year for the group were significantly impacted by the Covid-19 pandemic, which in the U.K. resulted in the enforced closure of all non-essential retail from 23rd March 2020. As a result of the pandemic, almost all the group's wholesale customers cancelled their orders in March and April 2020, and all stores and concessions in Radley Retail Limited were closed from 20th March 2020. The Radley websites continued to operate and did take more orders than usual while stores were closed; in April 2020 our web sales were up 27% on last year.

During the year the company undertook an impairment review of its investment in Laddie Bidco Limited resulting in an impairment charge of £5,335,328.

The company's key performance indicators during the 52 week period ended 26 April 2020 were as follows:

	52 weeks ended 26 April 2020	52 weeks ended 28 April 2019
	£	£
Loss before tax	(5,228,751)	(75,765)
Total shareholders' funds	24,084,053	29,211,913

The increase in loss before tax reflects the impairment charge of £5,335,328 incurred during the year.

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 APRIL 2020**

Chief Executive Officer's Statement

Justin Stead, Radley group CEO, said:

The full year results for the group, with sales at £75.3m, down 19% year on year, and underlying EBITDA of £0.1m compared with £6.9m in the prior year, were dominated by the impact of Covid-19 on the business from February 2020 onwards. All bricks and mortar stores in the U.K. were closed from 20th March 2020, and the majority of our wholesale customers globally cancelled all orders from March 2020. Our website continued to fulfil customer orders and performed very strongly with store customers moving their buying online during lockdown, with web sales up 27% in April 2020, and ahead 53% in Q1 of FY21. Comparisons with the BRC-KPMG Retail Sales Monitor data for our categories revealed that we traded well ahead of our peers throughout the lockdown period.

The business moved very swiftly to protect itself, working with all stakeholders to preserve cash and protect critical relationships at the same time. We operated collaboratively with our suppliers to match inbound stock with demand where possible. This was a two-way process, with our Indian suppliers in particular also suffering significant disruption to their production schedules during lockdown periods locally. Stock levels are being successfully managed and during FY21 are being brought back to normal levels through Q3 and Q4. Our product is not as seasonal as other segments of the fashion industry which has worked in our favour as we manage our range through a disrupted period of both supply and demand. The group holds business interruption insurance, which has provided some cover for the losses resulting from Covid-19. At the time of writing the group has received an interim payment of £2m. In the U.K. the group took advantage of business rates holidays for all its stores, local authority grants offered to smaller retail premises which had to close, and utilised the job retention scheme to place colleagues on furlough whose roles were not required during the lockdown.

The longer term strategy of Radley is to take advantage of consumer shifts to digital channels, and the acceleration of these trends during the pandemic has provided the group with the perfect opportunity to restructure its bricks and mortar portfolio more quickly, as well as to further expand its reach into digital channels. During 2020 our entire store portfolio in the U.K. has been reviewed and every site assessed for short and medium term viability. This has resulted in the non-renewal or early surrender of 12 store leases on the high street or in mall locations, leaving 2 strategic full-price stores in Covent Garden and Glasgow, on turnover-only rental deals. We believe that more locations will become viable again in the U.K. as the retail property market moves towards turnover-only rents in many more locations in the near future, and we are actively looking for such deals that would prove successful for our brand. We have also renegotiated every lease in our factory outlet portfolio and have in most cases agreed turnover only deals for a 12-month period or reduced base rents to mitigate against further Covid-19 disruption to footfall or enforced closure. This channel remains a key route to market for Radley with a combination of lower entry price points and a profitable way to clear excess stocks, and we continue to open new locations on short-term or pop-up deals where the opportunities arise.

We are focusing significant efforts into our digital expansion across key markets. We are implementing a major upgrade of our Radley website which will launch in Spring 2021, giving us the opportunities to showcase the brand in new and contemporary ways whilst significantly enhancing the customer experience. This will be available to consumers on radley.co.uk for our U.K. customers, and radleylondon.com for our American and worldwide customers. In the USA we have also launched on Amazon.com, and are working towards launches with other significant digital partners in the U.K., Europe and Asia. Importantly we will trade Amazon.com as a 3rd party seller, leaving us in full control of range and pricing. In China we are now trading on 4 digital marketplace platforms as a domestic vendor rather than an overseas seller, and this resulted in 64% growth over the prior year in the first half of FY21.

LADDIE MIDCO LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 APRIL 2020**

Chief Executive Officer's Statement (continued)

To enhance our strategic focus on the USA as a key growth driver for the group, we opened a sales and marketing office in Dallas, Texas in the year, which facilitates a much closer working relationship with our North American customers, as well as more proactive new business development. We are lucky enough to have retained Tim Adams, who has held senior roles at Macy's, Inc. in an advisory capacity to help grow the business stateside.

On review of our business for the first 9 months of the year to January 2020, which were unaffected by Covid-19, total U.K. sales were up on the prior year by 1.8%, with the mix of sales moving towards the off price channel as consumers continued to look for a bargain in an uncertain pre-Brexit environment. Our China marketplace sales were ahead 10% on the prior year, although this period mostly preceded the move onto the domestic platforms which has since propelled sales ahead (up by 64% in H1 of FY21). In the USA, sales of £6.6m were down on the prior year due to QVC buying excess stocks in FY19, which they were selling through for much of FY20. Retail sales from their website were ahead by 46% over the same period, reflecting continued growth in demand for the Radley brand in the USA.

We continue to review our category offer, and believe that a well curated, quality footwear range provides significant potential for growth both amongst loyal Radley customers as well as those new to the brand. We successfully launched a small range just in time for Christmas 2019 on our website and with House of Fraser in the U.K. Following a strong positive reaction, we continue to grow this range season-on-season. We have also developed improved product in our gifting and luggage ranges and this is bearing fruit.

Group EBITDA before one-off items and FRS 102 fair value adjustments fell from £6.9m to £0.1m year on year. After annual charges for the amortisation of goodwill and intangible assets, accrued interest on (shareholder owned) group debt instruments and a one off goodwill impairment charge, none of which impact cash flows, the group made a net loss after taxation of £23.8m. compared with a loss of £6.2m in the prior year.

In light of the continuing Covid-19 pandemic, the group is cautious about the outlook for the next few months, with England entering a further period of enforced store closures from January 2021, as well as similar restrictions in other U.K. nations and elsewhere. The management team have taken swift action to protect the business where possible operationally and financially, and to maximise the digital and online opportunities that such a period presents.

The Board is nonetheless confident about the medium and longer term success of the Radley London brand, with exciting growth prospects domestically in the U.K and particularly internationally. The owners of the business continue to support the business together with our banks, and during FY21 the group has extended its asset-based lending facility with Wells Fargo including the renegotiation of covenants during Covid-19 impacted trading periods.

In addition to growth in digital channels, the business is currently pursuing growth opportunities via selective new store openings, with new locations opening in Wembley, U.K. and the Netherlands pre-Christmas 2020, both in high footfall, turnover-only rent locations with strong potential for Radley. The group will continue to open such sites strategically, especially to expand our direct to consumer footprint in Northern Europe. These owned and operated stores will allow us to showcase our expanding product assortment in an exciting but controlled way.

LADDIE MIDCO LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 APRIL 2020**

Chief Executive Officer's Statement (continued)

Our International growth aspirations continue to be significant and pivotal to the future success of the group, particularly in the USA and China. Our Dallas team is accelerating the development of new business in North America through digital, wholesale and direct-to-consumer bricks and mortar channels. We are investing significant marketing funds in acquiring and communicating with our target customer in the USA. We are focusing efforts too in China.

Our ambition to grow our digital channels globally is huge and is a key strategic driver. A new global website will be in place in Spring 2021, which will help to cement our position as a digital-first brand. We are in the process of launching and planning a number of significant partnerships with key digital marketplaces around the world. We have further strengthened the senior management team; Jackie Hay joined the group as Chief Product Officer last year with extensive experience most recently at Michael Kors and previously at well-known U.K. retailers, and she has been instrumental already in designing beautiful new product and product extensions such as footwear. To drive our digital and direct-to-consumer ambitions we have also welcomed Neil Borer to the team this year in the new role of Chief Customer Officer; he brings a wealth of experience from many premium brands and retail businesses and has immediately taken charge of our crucial website replatform delivery and is forging new digital partnerships to propel the Radley brand forward.

Principal risks and uncertainties

The key risk present in the retail climate is the Covid-19 pandemic, which will reduce sales and increase uncertainty for the consumer until more effective treatments are in common use and vaccination programmes start to yield results. In addition consumer confidence in the U.K. continues to be affected by Brexit until the impacts of the withdrawal become clearer.

The withdrawal of the United Kingdom from the European Union

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which ended on 31 December 2020. The Trade and Co-operation Agreement between the U.K. and the EU was published on the 24th December 2020, and it has only since then become clear that tariffs will apply on the Group's goods entering the EU from the U.K. based on the new Rules of Origin. This will put pressure on margins for the group's B2C web sales in the EU and shipments of goods to its subsidiary Radley Netherlands B.V., although as these movements comprise less than 2% of turnover this does not have a material impact on profits. Our wholesale customers in the EU have been advised to act as importer of record into the EU such that Radley does not have to settle taxes and duties on these shipments. It is of note that 99% of our goods are sourced from outside the EU and are therefore unaffected by Brexit in these ways.

LADDIE MIDCO LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 APRIL 2020**

Coronavirus and the Covid-19 pandemic

At the time of writing much of Europe and elsewhere globally is still suffering high levels of Covid-19 infections, and therefore the ultimate impact of the Coronavirus pandemic is not yet clear. The directors have implemented a wide range of measures since March 2020 to protect the group. They have evaluated a range of potential outcomes over the following 12 months and beyond and consider it probable that there will be an ongoing recession and reduction in consumer spending which will continue to affect the trade of the group. The directors' principal objectives are to protect the health and safety of colleagues in the performance of their duties, to ensure the continuity of operations, and to fully cooperate with public authorities as required. Strategic investment has been and will be directed primarily at digital channels which seem certain to provide the best opportunities for the brand over the coming periods of time as consumers shop online where they can.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company.

Credit risk

The company is exposed to credit risk on balances with group companies. Management review the financial position of the counterparty to ensure they have adequate resources to fund and service the debts to the company. The company provides against those balances as required.

Liquidity risk

The company is part of a group which actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions. The company receives interest income on its intercompany balances which it in turn uses to service its long term debt interest requirements.

LADDIE MIDCO LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 APRIL 2020**

Directors' statement of compliance with duty to promote the success of the Company

The directors of Laddie Midco Limited consider, both individually and together, that they have acted 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 (having regard to the stakeholders and matters set out in S172(1) (a-e) of the Act) in the decisions taken in the period to 26th April 2020.

Laddie Midco is an intermediate parent company and therefore does not undertake any significant business activity. The company does not have any employees. The directors do not consider sections 172 (b) (the interest of the company's employees) and section 172 (d) (the impact of the company's operations on the community and the environment) as relevant in complying with their duty under S172.

Likely consequences of any decisions in the long term

The Board delegates day-to-day management and decision making to its senior management team, but maintains oversight of the company's performance, and reserves to itself specific matters for approval, including significant new strategic initiatives and major decisions relating to capital raising and allocation. Through regular updates from senior management and measurement against long-term objectives, the Board monitors that management is acting in accordance with its agreed strategy and the long-term interest of key stakeholders.

The need to foster the company's business relationships

As an intermediate parent company the company upholds the same values and principles as the group and recognises the importance of maintaining strong relationships with its stakeholders.

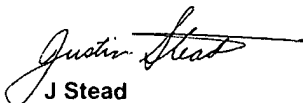
The desirability of the company maintaining a reputation for high standards of business conduct

The reputation of the company is fundamental to its long-term success and the directors are committed to supporting this through adhering to laws and regulations, conducting business in a socially and environmentally responsible way, and treating all stakeholders with honesty and integrity. This aligns with the Environmental, Social and Governance principles of the group. The group's majority investor also prioritises ESG across their portfolio and the group benefits from their ongoing support in this area.

Need to act fairly between members of the company

As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them equally so they can benefit from the successful delivery of our plan. Key financial and strategic decisions are made with our major shareholders in mind and with their support. Policies are in place to guide behaviours in the areas of bribery and corruption, equality and diversity, bullying and harassment, and whistleblowing, and the directors believe that these policies are robust and culturally embedded.

This report was approved by the board and signed on its behalf by:


J Stead
Director

Date: 29 January 2021

LADDIE MIDCO LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 26 APRIL 2020**

The directors present their report and the audited financial statements for the 52 week period ended 26 April 2020.

The registered number of Laddie Midco Limited is 10192351.

Directors

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

J Stead
N Vance (appointed 11 November 2019)
J Worden (resigned 31 May 2019)

Results and dividends

The loss for the period, after taxation, amounted to £5,127,860 (2019: £217,371).

The directors do not recommend a final dividend for the period (2019: £nil).

Future developments

There are no future developments to report.

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 to 6. These matters relate to the business review and principal risks and uncertainties.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

LADDIE MIDCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 APRIL 2020**

Going concern

The company's business activities and those of the group as a whole, together with its financial position, details of its financial instruments, and its exposures to liquidity and credit risk are described in the Strategic Report. The company itself does not trade but is part of a group which includes subsidiaries with trading activities. Potential sources of uncertainty noted by the directors include the withdrawal of the United Kingdom from the European Union and Coronavirus and the Covid-19 pandemic.

In assessing going concern and in view of the spread of Covid-19, management have analysed the Group's financial position and run several scenarios in a detailed monthly financial model for the going concern period up to 30 April 2022 including scenarios with extensive lockdowns. This resulted in three scenarios: i) base case/reasonable forecast, ii) downside, and iii) severe downside.

The group has bank facilities available from its asset-backed lending facility with Wells Fargo through to its expiry at the end of March 2022. The existing shareholders have also committed to provide additional funding of up to £3m to the Group should that be required during the going concern period. The Group continues to manage its working capital position through long-term relationships and long-running contracts with a number of customers and suppliers across different geographic areas and routes to market.

The directors have considered the Group's ability to comply with the covenants set out in the Wells Fargo facility and have concluded that in all of the three scenarios noted above that they have a reasonable expectation that the Group will be able to operate within these covenants.

All of the trading outcomes above are supported primarily by liquidity available from the group's Wells Fargo facility which has been recently extended to March 2022, and covenants agreed with the bank to accommodate this range of outcomes.

The severe downside scenario is based on a set of sales assumptions which management believe, based on experience to date through the 2020 pandemic period, is unlikely to materialise because it represents a reduction compared to forecasts, the likelihood of which the Directors consider to be remote. The Group's shareholders and loan note holders remain supportive and will provide some additional loan funding under the more pessimistic scenarios if required in addition to the existing commitments above, such that covenants would not be breached.

The Directors have considered the ability of the Group to refinance its facility with Wells Fargo upon its expiry in March 2022 and consider that there is a reasonable expectation that this will be possible based on:

- the recent discussions with Wells Fargo which resulted in the extension of the facility to March 2022;
- the period of time available to the Directors to put a new facility in place if required;
- ongoing positive engagement with Wells Fargo which will continue as the facility reaches its expiry date;
- the availability to the Group of other funding providers and options should these be required;
- the ongoing support of the Group's shareholder and loan note holders as demonstrated by their recent commitment and ability to provide additional loan funding to the Group should that be required.

Having considered the items outlined above, the Directors are confident that the Group has adequate resources and the ability to implement the mitigations, if required, to enable it to continue in operational existence for the going concern period from the date of signing these accounts and therefore these accounts have been prepared on a going concern basis.

LADDIE MIDCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 26 APRIL 2020**

Post balance sheet events

The company and group are continuing to monitor developments of the Covid-19 virus and the associated near term uncertainty on the economic outlook of the UK retail market, and at the time of writing non-essential retail in England and parts of Scotland has been required to close for a temporary period. Most staff in stores and several in the support centres have been placed on furlough as required, supported by the U.K. Government's job retention scheme. Radley's website continues to serve the company's customers in part mitigation of the impact of these store closures and on reduced wholesale invoicing. The Radley group holds business interruption insurance, which has provided some cover for Covid-19 losses. At the time of writing the group has received an interim payment of £2m. Please refer to the strategic report for the directors' view on Covid-19.

Independent Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



J Stead
Director

Date: 29 January 2021

LADDIE MIDCO LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 26 APRIL 2020**

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

LADDIE MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADDIE MIDCO LIMITED FOR THE PERIOD ENDED 26 APRIL 2020

Opinion

We have audited the financial statements of Laddie Midco Limited (the 'company') for the year ended 26 April 2020 which comprise the Statement of comprehensive income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 16, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 26 April 2020 and of its loss 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 below. 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 as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">• Impairment of investments• Going concern
Materiality	<ul style="list-style-type: none">• Overall materiality of £0.4m (2019: £0.9m) which represents 1% (2019: 2%) of Total Assets.

LADDIE MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADDIE MIDCO LIMITED FOR THE PERIOD ENDED 26 APRIL 2020 (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Impairment of investments £24,421,000 (2019: £29,755,932)</p> <p><i>Refer to the Accounting policies (page 21); and Note 8 of the Financial Statements (page 29).</i></p> <p>Laddie Midco Limited is an intermediate holding company in the group headed by Laddie Topco Limited ("the Radley Group"). The trading subsidiaries of Laddie Topco Limited (Radley & Co Limited and Radley Retail Limited) are retailers and wholesalers of luxury handbags.</p> <p>The Company holds investments in subsidiaries of £24,420,604 (2019: £29,755,932).</p> <p>There is a risk that the carrying value of the investments may be impaired. This risk is increased due to the impact ongoing Covid-19 pandemic on the retail sector in which the Radley Group operates.</p> <p>As required by FRS 102.27.7, management has considered whether or not there are any indicators of impairment at 26 April 2020. Management concluded that there were indicators of impairment due to the impact of Covid-19 on trading performance and the ongoing impact of the pandemic on the global retail sector. Therefore, management conducted an exercise to estimate the recoverable amount of the investments in subsidiaries included on the balance sheet of Laddie Midco Limited at 26 April 2020 by preparing a detailed impairment model. This exercise resulted in an impairment charge of £5,335,328 (2019: £nil) being recorded in the financial statements.</p>	<p>In order to establish the recoverability of the investment carrying value, we:</p> <ul style="list-style-type: none"> • obtained management's impairment assessment and supporting discounted cash flow calculations; • independently considered any indicators of impairment based on events or changes in circumstances which may indicate the carrying value may not be recoverable; • involved our valuation specialists to confirm that the discount rate used by management to support their assessment of the recoverable amount of the investment was within a reasonable range; • audited the detailed impairment model prepared by Management to assess the carrying value of the investments held, this included review and challenge of the forecast information, sensitivity analysis; consideration of past forecasting accuracy, discount rate and long-term growth rate included in the model; and • audited the disclosures in respect of the investment balances note 8 to the financial statements. 	<p>Based on the procedures we performed, we are satisfied that the investment carrying value is recoverable and that the impairment charge recorded in the financial statements for the year ended 26 April 2020 is appropriate.</p> <p>We have also concluded that the disclosures in note 8 in respect of the investment balances in the financial statements are appropriate.</p>

LADDIE MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADDIE MIDCO LIMITED FOR THE PERIOD ENDED 26 APRIL 2020 (CONTINUED)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Going concern</p> <p><i>Refer to the Accounting policies (page 21); and Note 2.4 of the Financial Statements (page 23).</i></p> <p>The company raised £15m through the issuance of an unsecured loan note on the International Stock Exchange in Guernsey during the period ended 30 April 2017 ("the notes"). The notes accrue interest at a fixed interest rate of 5%. They are due for repayment on the earlier of 3 June 2026 or, in full or in part, on an earlier date agreed by Special Resolution with the noteholders.</p> <p>The funds generated from the notes have been lent to other companies within the Radley Group to fund operations.</p> <p>The ability of the company to prepare its accounts on a going concern basis is dependent on the trading performance of its trading subsidiaries Radley Retail Limited and Radley & Co Limited and the overriding ability of the group to operate within its funding facilities and comply with covenants.</p> <p>The Directors, have prepared forecasts for the period to April 2022, including sensitised downside scenarios.</p> <p>The Radley Group has banking facilities with Wells Fargo which have recently been extended and which now expire in March 2022 which is within the going concern period considered by the Directors.</p> <p>The Group's shareholders and loan note holders have made available additional funding which the Group can access should the downside scenarios materialise as set out in the Directors' Report. The Directors have also considered the ability of the Group to refinance or extend its Wells Fargo facility upon its expiry.</p> <p>Having considered the matters above, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.</p>	<p>In order to assess the appropriateness of the Directors' conclusion that the financial statements should be prepared on a going concern basis we:</p> <ul style="list-style-type: none"> • obtained management's going concern assessment and underlying cash flow forecasts and model which included a base case, sensitised case and worst case scenario; • verified the mathematical accuracy of the model, considered management's past forecasting accuracy and challenged the assumptions underlying management's model; • challenged Group managements' cash flow forecast assumptions and obtained audit evidence to support mitigating factors. This included, but was not limited to: <ul style="list-style-type: none"> • Consideration of the appropriateness and completeness of the sensitivities / stress applied by management; • Inspection of the facility agreement from Wells Fargo and funding commitments from shareholders including the ability of the shareholders to provide the required support and consideration of the terms within the agreements; • Consideration of the Group's ability to operate within funding terms and comply with financial covenants and the adequacy of the mitigation from additional funding from shareholders in the sensitised downside scenarios should a covenant breach arise; • Corroborating the ability of the shareholders to continue to support the business through the going concern period; • Involving our Corporate Finance specialists in the review of management's 	<p>Based on the procedures we performed, we are satisfied that the Directors' assessment that it is appropriate to prepare the financial statements on a going concern basis is reasonable.</p> <p>We concur with Directors' assessment that it remains appropriate to prepare the financial statements on a going concern basis.</p> <p>We have also concluded that the disclosures in respect of going concern in the financial statements are appropriate.</p>

LADDIE MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADDIE MIDCO LIMITED FOR THE PERIOD ENDED 26 APRIL 2020 (CONTINUED)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	<p>model and to support our challenge of management's assumptions' and consideration management's ability to refinance the existing banking facilities upon expiry in March 2022; and</p> <ul style="list-style-type: none">• seeking additional evidence from management to support refinancing options, and• auditing the disclosures in respect of going concern in the financial statements.	

In the prior year, our auditor's report included a key audit matter in relation to the recoverability of the intercompany receivable. In the current year, the Key Audit Matter regarding the recoverability of the intercompany receivable has been removed because this was not considered to be an area of significant risk of material misstatement for the year ended 26 April 2020. A new Key Audit Matter in respect of going concern has been included to reflect the most significant assessed risk of material misstatement that was identified for the audit for the year ended 26 April 2020 due to the impact of the Covid-19 pandemic.

LADDIE MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADDIE MIDCO LIMITED FOR THE PERIOD ENDED 26 APRIL 2020 (CONTINUED)

An overview of the scope of our audit**Tailoring the scope**

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £0.4 million (2019: £0.9 million), which is 1% (2019: 2%) of Total assets. We believe that Total assets provides us with a consistent year on year basis for determining materiality and is the most relevant performance measure to the stakeholders of the entity. The percentage applied to Total assets has reduced from 2% in 2019 to 1% in 2020 to reflect additional risk arising from the economic uncertainty surrounding the retail sector at this time.

During the course of our audit, we reassessed initial materiality and did not identify any change in final materiality from original assessment at planning.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (2019: 75%) of our planning materiality, namely £0.2m (2019: £0.7m). We have set performance materiality at this percentage to ensure that the total detected and undetected audit differences do not exceed our planning materiality for the financial statements as a whole. The percentage applied to overall materiality has reduced from 75% in 2019 to 50% in 2020 to reflect additional risk arising from the economic uncertainty surrounding the retail sector at this time.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.02m (2019: £0.05m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

LADDIE MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADDIE MIDCO LIMITED FOR THE PERIOD ENDED 26 APRIL 2020 (CONTINUED)

Other information

The other information comprises the information included in the annual report on pages 1 to 9, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 as set out on page 10, 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.

LADDIE MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LADDIE MIDCO LIMITED FOR THE PERIOD ENDED 26 APRIL 2020 (CONTINUED)

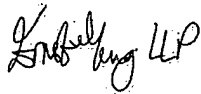
Auditor's responsibilities for the audit of the financial statements

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 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.



Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge, United Kingdom

29 January 2021

LADDIE MIDCO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 26 APRIL 2020**

	Note	52 week period ended 26 April 2020 £	52 week period ended 28 April 2019 £
Administrative expenses		(2,700)	(2,650)
Impairment charge		(5,335,328)	-
Operating loss		<u>(5,338,028)</u>	<u>(2,650)</u>
Interest receivable and similar income	5	971,277	747,944
Interest payable and similar expenses	6	(862,000)	(821,059)
Loss before tax		<u>(5,228,751)</u>	<u>(75,765)</u>
Tax on loss	7	100,891	(141,606)
Loss for the financial period		<u><u>(5,127,860)</u></u>	<u><u>(217,371)</u></u>
Other comprehensive income		-	-
Total comprehensive expense for the period		<u><u>(5,127,860)</u></u>	<u><u>(217,371)</u></u>

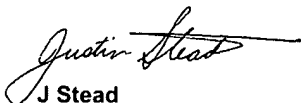
The notes on pages 21 to 32 form part of these financial statements.

LADDIE MIDCO LIMITED
REGISTERED NUMBER: 10192351

STATEMENT OF FINANCIAL POSITION
AS AT 26 APRIL 2020

	Note	2020 £	2019 £
Fixed assets			
Fixed asset investments	8	24,420,604	29,755,932
		<u>24,420,604</u>	<u>29,755,932</u>
Current assets			
Debtors: amounts falling due within one year	9	18,149,361	17,178,081
		<u>18,149,361</u>	<u>17,178,081</u>
Creditors: amounts falling due within one year	10	(336,542)	(434,730)
		<u>17,812,819</u>	<u>16,743,351</u>
Net current assets		<u>17,812,819</u>	<u>16,743,351</u>
Total assets less current liabilities		<u>42,233,423</u>	<u>46,499,283</u>
Creditors: amounts falling due after more than one year	11	(18,149,370)	(17,287,370)
		<u>24,084,053</u>	<u>29,211,913</u>
Net assets		<u>24,084,053</u>	<u>29,211,913</u>
Capital and reserves			
Called up share capital	12	29,755,932	29,755,932
Profit and loss account	13	(5,671,879)	(544,019)
		<u>24,084,053</u>	<u>29,211,913</u>
Total shareholders' funds		<u>24,084,053</u>	<u>29,211,913</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


J Stead
Director

Date: 29 January 2021

The notes on pages 21 to 32 form part of these financial statements.

LADDIE MIDCO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 APRIL 2020**

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 29 April 2018	29,755,932	(326,648)	29,429,284
Comprehensive expense for the period			
Loss for the period	-	(217,371)	(217,371)
Total comprehensive expense for the period	-	(217,371)	(217,371)
At 28 April 2019	29,755,932	(544,019)	29,211,913
Comprehensive income for the period			
Loss for the period	-	(5,127,860)	(5,127,860)
Total comprehensive expense for the period	-	(5,127,860)	(5,127,860)
At 26 April 2020	29,755,932	(5,671,879)	24,084,053

The notes on pages 21 to 32 form part of these financial statements.

LADDIE MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

1. General information

Laddie Midco Limited is a private company limited by shares and is registered and incorporated in England and Wales. The address of the company's registered office is McBeath House, 3rd Floor, 310 Goswell Road, London, EC1V 7LW.

The principal activity of the company is that of an intermediate parent undertaking, the company is a non-trading entity and does not employ any staff.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the company operates and are rounded to the nearest pound.

The financial statements of the company for the period to 26 April 2020 were approved for issue by the Board of Directors on 29 January 2021. The financial statements have been prepared in accordance with Financial Reporting Standard 102.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

2. Accounting policies (continued)

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows, on the basis that it is a qualifying entity and its immediate parent company, Laddie Topco Limited, includes the company's cash flow in its own consolidated financial statements;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d), on the basis that it is a qualifying entity and its immediate parent company, Laddie Topco Limited, includes the company's cash flow in its own consolidated financial statements;
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c), as the information is provided in the consolidated financial statements of Laddie Topco Limited;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statements of Laddie Topco Limited;
- the requirements of Section 33 Related Party Disclosures paragraphs 33.1A and 33.7 as at 26 April 2020 it was a wholly owned subsidiary.

This information is included in the consolidated financial statements of Laddie Topco Limited as at 26 April 2020 and these financial statements may be obtained from Macbeath House, 3rd Floor, 310 Goswell Road, London, EC1V 7LW.

2.3 Exemption from preparing consolidated financial statements

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group financial statements, on the grounds that the company itself is a subsidiary undertaking and the results are included in the group financial statements of the ultimate parent undertaking, Laddie Topco Limited, a company incorporated in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020

2. Accounting policies (continued)

2.4 Going concern

The company's business activities and those of the group as a whole, together with its financial position, details of its financial instruments, and its exposures to liquidity and credit risk are described in the Strategic Report. The company itself does not trade but is part of a group which includes subsidiaries with trading activities. Potential sources of uncertainty noted by the directors include the withdrawal of the United Kingdom from the European Union and Coronavirus and the Covid-19 pandemic.

In assessing going concern and in view of the spread of Covid-19, management have analysed the Group's financial position and run several scenarios in a detailed monthly financial model for the going concern period up to 30 April 2022 including scenarios with extensive lockdowns. This resulted in three scenarios: i) base case/reasonable forecast, ii) downside, and iii) severe downside.

The group has bank facilities available from its asset-backed lending facility with Wells Fargo through to its expiry at the end of March 2022. The existing shareholders have also committed to provide additional funding of up to £3m to the Group should that be required during the going concern period. The Group continues to manage its working capital position through long-term relationships and long-running contracts with a number of customers and suppliers across different geographic areas and routes to market.

The directors have considered the Group's ability to comply with the covenants set out in the Wells Fargo facility and have concluded that in all of the three scenarios noted above that they have a reasonable expectation that the Group will be able to operate within these covenants.

All of the trading outcomes above are supported primarily by liquidity available from the group's Wells Fargo facility which has been recently extended to March 2022, and covenants agreed with the bank to accommodate this range of outcomes.

The severe downside scenario is based on a set of sales assumptions which management believe, based on experience to date through the 2020 pandemic period, is unlikely to materialise because it represents a reduction compared to forecasts, the likelihood of which the Directors consider to be remote. The Group's shareholders and loan note holders remain supportive and will provide some additional loan funding under the more pessimistic scenarios if required in addition to the existing commitments above, such that covenants would not be breached.

The Directors have considered the ability of the Group to refinance its facility with Wells Fargo upon its expiry in March 2022 and consider that there is a reasonable expectation that this will be possible based on:

- the recent discussions with Wells Fargo which resulted in the extension of the facility to March 2022;
- the period of time available to the Directors to put a new facility in place if required;
- ongoing positive engagement with Wells Fargo which will continue as the facility reaches its expiry date;
- the availability to the Group of other funding providers and options should these be required;
- the ongoing support of the Group's shareholder and loan note holders as demonstrated by their recent commitment and ability to provide additional loan funding to the Group should that be required.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

2. Accounting policies (continued)

2.4 Going concern (continued)

Having considered the items outlined above, the Directors are confident that the Group has adequate resources and the ability to implement the mitigations, if required, to enable it to continue in operational existence for the going concern period from the date of signing these accounts and therefore these accounts have been prepared on a going concern basis.

2.5 Judgements and key sources of estimation uncertainty

In relation to impairment of non-financial assets the directors have made a critical judgement in the process of applying the company's accounting policies. There are no key sources of estimation uncertainty involved in preparation of the financial statements.

Judgements

Impairment of non-financial assets

Where there are indicators of impairment of individual assets such as goodwill, other intangible assets and tangible fixed assets, the company performs impairment tests based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The discounted cash flow model includes assumptions relating, amongst other items, to the future trading performance of the business, related cash flows and weighted average cost of capital. The assumptions which are most sensitive within the model relate to revenue and the weighted average cost of capital.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

2. Accounting policies (continued)

2.6 Significant accounting policies

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Fixed asset investments

Shares in subsidiary undertakings and other investments are stated in the company's statement of financial position at cost less provision for any diminution in value.

The Company has taken advantage of the transition exemption under paragraph 35.10(f) of FRS102 in respect of using a previous existing carrying value of investments in subsidiaries at, or before, the date of transition to FRS 102 as its deemed cost.

Financial Instruments

Short term debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised separately in the income statement.

Debtors and creditors

A financial asset or liability is recognised when the company becomes a party to the contractual provisions of the instrument. When a financial asset or liability is recognised initially, it is measured at the transaction price, including transaction costs. It is subsequently measured at amortised cost using the effective interest method. Financial assets measured at amortised cost are assessed for impairment at the end of each reporting period, taking account of whether there is objective evidence of impairment. If there is, an impairment is recognised immediately in profit or loss.

LADDIE MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

2. Accounting policies (continued)

2.6 Significant accounting policies (continued)

Loan notes

The fair values of the loan notes and the associated interest payable are initially measured at transaction price and subsequently at amortised cost using the effective interest rate method. The change attributable to changes in credit risk in relation to the loan notes and the associated interest payable is not material.

Interest bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Finance income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

3. Auditors' remuneration

Audit fees for the company are borne by another group company in each accounting period.

4. Employees

The company has no employees other than the directors. No remuneration was paid out to the directors of the company (2019: £nil) as they provided negligible qualifying services to the company and an apportionment of salary was not deemed practical.

LADDIE MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

5. Interest receivable and similar income

	52 week period ended 26 April 2020 £	52 week period ended 28 April 2019 £
Interest receivable on loans with other group undertakings	971,277	747,944
	<u>971,277</u>	<u>747,944</u>

Where a loan agreement exists, interest receivable is accrued on group balances at 5% (2019: 5%) per annum. Trading balances with group entities do not attract interest.

6. Interest payable and similar expenses

	52 week period ended 26 April 2020 £	52 week period ended 28 April 2019 £
Interest payable on loans with other group undertakings	862,000	821,059
	<u>862,000</u>	<u>821,059</u>

Where a loan agreement exists, interest is accrued on group balances at 5% (2019: 5%) per annum.

Trading balances with group entities do not attract interest.

7. Tax on loss

	52 week period ended 26 April 2020 £	52 week period ended 28 April 2019 £
Corporation tax		
Current tax on loss for the period	-	141,606
Adjustments in respect of previous periods	(100,891)	-
	<u>(100,891)</u>	<u>141,606</u>
Tax on loss	<u>(100,891)</u>	<u>141,606</u>

LADDIE MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

7. Tax on loss (continued)**Factors affecting tax (credit)/charge for the period**

The tax assessed for the period is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	52 week period ended 26 April 2020 £	52 week period ended 28 April 2019 £
Loss before tax	(5,228,751)	(75,765)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(993,463)	(14,395)
Effects of:		
Disallowed expenses and non-taxable income	1,177,493	156,001
Group relief received	(184,030)	-
Adjustments to tax charge in respect of prior periods	(100,891)	-
Total tax (credit)/charge for the period	(100,891)	141,606

Factors that may affect future tax charges

Current and deferred tax have been calculated using standard rates of corporation tax in the UK being the prevalent rates of corporation tax. A reduction in the UK corporation tax rate from 19% to 17% was substantively enacted on 6 September 2016. A further change to the main UK corporation tax rate was announced in the 11 March 2020 Budget. As a result of this change the main UK corporation tax rate will remain at 19% from 1 April 2020. The UK deferred tax has been calculated at 19% at the end of the period reflecting HMRC enactment, on 17 March 2020, of this non change in the UK corporation tax rate.

LADDIE MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

8. Investments

	Investments in subsidiary companies £
Cost	
At 28 April 2019	29,755,932
At 26 April 2020	<u>29,755,932</u>
Impairment	
Impairment charge	5,335,328
At 26 April 2020	<u>5,335,328</u>
Net book value	
At 26 April 2020	<u>24,420,604</u>
At 26 April 2019	<u>29,755,932</u>

As a result of the impact of the Covid-19 pandemic on the company, during the year the company undertook an impairment review of its investment in Laddie Bidco Limited resulting in an impairment charge of £5,335,328.

LADDIE MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

8. Investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Laddie Bidco Limited	McBeath House, 310 Goswell Road, London EC1V 7LW, United Kingdom	Intermediate parent undertaking	Ordinary	100%
Radley + Co Limited*	McBeath House, 310 Goswell Road, London EC1V 7LW, United Kingdom	Design and wholesale of bags and accessories	Ordinary	100%
Radley Retail Limited*	McBeath House, 310 Goswell Road, London EC1V 7LW, United Kingdom	Design and retail of bags and accessories	Ordinary	100%
Radley Japan K.K.*	Atomu-Aoyama Tower, Floor 4, 7-1-15 Akasaka, Minato-Ku, Tokyo 107-0052, Japan	Non-trading	Ordinary	100%
Radley Hong Kong Limited*	Unit 2212, 22/F Hong Kong, Plaza 188 Connaught Road West, Sai Wan, Hong Kong	Non-trading	Ordinary	100%
Radley China Limited*	Room 506, no 58, Lane1788, West ZhongshonRoad, Xuhui District, Shanghai, China	Retail of bags and accessories	Ordinary	100%
Radley USA LLC*	Cogency Global Inc, 850 New Burton Road, Suite291, City of Dover, Country of Kent, 19904, Delaware	Wholesale of bags and accessories	Ordinary	100%

* These entities are held indirectly via Laddie Bidco Limited.

All of the subsidiary undertakings are included in the group financial statements of Laddie Topco Limited.

LADDIE MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

9. Debtors: Amounts owed by group undertakings

	2020 £	2019 £
Amounts owed by group undertakings	18,149,361	17,178,081
	<u>18,149,361</u>	<u>17,178,081</u>

Where a loan agreement exists, interest is accrued on group balances at 5% per annum (2019: 5%). Trading balances with group entities are recorded at transaction price, they do not attract interest and are repayable on demand.

10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	154,209	151,508
Corporation tax	182,333	283,222
	<u>336,542</u>	<u>434,730</u>

Where a loan agreement exists, interest is accrued on group balances at 5% per annum (2019: 5%). Trading balances with other group entities are recorded at transaction price, they do not attract interest and are repayable on demand.

11. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Loan notes	18,149,370	17,287,370
	<u>18,149,370</u>	<u>17,287,370</u>

On 3 June 2016 £15,000,000 unsecured loan notes at £1 each were issued to various noteholders.

£14,703,162 of the loan notes are listed on the International Stock Exchange in Guernsey. The notes accrue interest at 5% per annum with both the principal and any unpaid interest due for repayment on the earlier of 3 June 2026, or in full or in part on an earlier date agreed by Special Resolution with the noteholders' agreement. At the period end interest of £3,149,370 (2019: £2,287,370) was accrued on the loan notes.

LADDIE MIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2020**

12. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
29,755,932 (2019: 29,755,932) Ordinary shares of £1.00 (2019: £1) each	29,755,932	29,755,932

There is a single class of ordinary shares. Each share carries one voting right per share but no right to fixed income.

13. Reserves**Profit and loss account**

This reserve represents the cumulative profits and losses.

14. Related party transactions

The company has taken advantage of the exemption granted by FRS 102 section 33 "Related party disclosures" not to disclose related party transactions with other wholly owned group companies.

15. Post balance sheet events

The company and group are continuing to monitor developments of the Covid-19 virus and the associated near term uncertainty on the economic outlook of the UK retail market, and at the time of writing non-essential retail in England and parts of Scotland has been required to close for a temporary period. Most staff in stores and several in the support centres have been placed on furlough as required, supported by the U.K. Government's job retention scheme. Radley's website continues to serve the company's customers in part mitigation of the impact of these store closures and on reduced wholesale invoicing. The Radley group holds business interruption insurance, which has provided some cover for Covid-19 losses. At the time of writing the group has received an interim payment of £2m. Please refer to the strategic report for the directors' view on Covid-19.

16. Controlling party

The company's financial statements are consolidated in the immediate parent entity Laddie Topco Limited. Its group financial statements are the largest and smallest financial statements which include the company. The consolidated financial statements of Laddie Topco Limited are available from McBeath House, 3rd Floor, 310 Goswell Road, London, EC1V 7LW. The ultimate parent undertaking and ultimate controlling party is Bregal Freshstream LP.