

**CLAIRE'S ACCESSORIES UK LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

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**CLAIRE'S ACCESSORIES UK LTD**

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**COMPANY INFORMATION**

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<b>Directors</b>	S A Brown G Pratt
<b>Company secretary</b>	S Brown
<b>Registered number</b>	03115188
<b>Registered office</b>	Unit 4 Bromford Gate Bromford Lane Birmingham B24 8DW
<b>Independent auditor</b>	Grant Thornton UK LLP The Colmore Building 20 Colmore Circus Birmingham B4 6AT

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**CLAIRE'S ACCESSORIES UK LTD**

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**CLAIRE'S ACCESSORIES UK LTD**

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**STRATEGIC REPORT  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**Introduction**

Claire's® are one of the world's leading speciality retailers of fashionable jewellery and accessories for young women, teens, tweens and kids. Claire's® vision is to be the emporium of choice for all girls (in age or attitude) across the world. Claire's® deliver this by offering a range of innovative, fun and affordable products and services that cater to all of her activities, as she grows up, whenever and wherever.

**Business review and future developments****Business review**

Since the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic on March 11, 2020, the Company has been adversely affected by the financial impacts of the pandemic, including stay-at-home orders, non-essential business closures, social distancing and other conditions across all of the Company's operating regions. These situations were especially pronounced in the UK and Ireland with the implementation of significant restrictions on non-essential businesses multiple times in 2020.

During 2020, the UK government enacted a number of emergency and continuing economic stimulus packages, including Job Retention Scheme and Business Support Grants as well as significant investments in vaccinations to help open up the economy.

We continue to assess the impact of COVID-19 on the assumptions and estimates used when preparing our financial statements including inventory valuation and the impairment of fixed asset investments. These assumptions and estimates may change as the current situation evolves or new events occur and additional information is obtained.

Net sales in 2020/21 decreased by £46.8 million, or 38.4%, as compared to 2019/20 driven predominantly by the negative economic impact of COVID-19 related to store closures throughout the period and including the fourth quarter when many of our stores were closed for the 2020 Holiday shopping season. This was partially offset by an increase in online sales of 122.6% when compared to the prior period.

During 2020/21, we closed thirteen own stores. We continued working with our Concession Partners Asda and Matalan, opening sixty-four store in stores during the period.

**Future developments**

For the 2021/22 financial period, we will continue to develop the concession stores income stream both in terms of number of concession stores and new concession partners. We have recently partnered with New Look and continue to expand our concession store portfolio, with over 500 new stores opened to date, predominantly with Asda and Matalan.

We continue to improve user experience to ensure we provide the best customer experience online to allow us to maximize all sales conversion opportunities.

For own stores, we typically target our most productive stores for remodel as they tend to deliver the best return on capital. We also evaluate stores whose leases are up for renewal and are likely to undergo a remodel.

We will continue to focus on our business strategy, with strong margin management and cost efficiencies underpinning the results so far and will look to emerge from the impact of the pandemic with strong foundations to deliver an improved trading performance for the next financial period.

Claire's® business strategy is designed to maximise our sales opportunities, earnings growth and cash flow through organic growth:

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## CLAIRE'S ACCESSORIES UK LTD

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### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JANUARY 2021

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#### *Continue To Enhance Merchandise and In-Store Experience*

We are focused on enhancing the fashion-orientation and quality of our product offerings to deliver a unique, proprietary assortment that is highly relevant to our target customers. We believe we can drive growth through intensifying key merchandise categories as well as introducing new categories that matter to our customer as her tastes and needs change over time.

#### *Deepen Customer Relationship & Loyalty*

We will continue to drive brand awareness and deepen customer relationships with our branding efforts conducted through in-store marketing collateral, influencer partnerships, and ongoing digital, social media, and email campaigns. Maintaining and improving our leadership in ear piercing also allows us to solidify the customer's experience with Claire's® and establish brand loyalty early. We believe we can leverage our social and email community to drive increased customer engagement for Claire's®

#### *Grow Our E-Commerce Sales*

We believe that, over time, our digital platform represents a valuable tool for engaging with our customer, gathering feedback on her preferences and enhancing our product testing capabilities, all of which should drive higher sales productivity both in-store and online. We have invested in the development of our social media channels and have experienced significant increases in the follower bases of our Instagram®, YouTube®, Snapchat®, WeHeartIt®, Facebook®, Twitter®, and Pinterest® pages and intend to further drive engagement, advertising and sales through these channels.

#### *Expand Concession Store-In-Stores Base*

We partner with prominent retailers and provide our merchandise for sale within the partner's retail location. Most of our concession locations are not located within traditional shopping malls. By partnering, we avail ourselves access to new sales channels that enable us to diversify our dependence on mall based locations. We will continue to pursue new partners with a view to expanding our concession store-in-stores base in the UK.

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**CLAIRE'S ACCESSORIES UK LTD**


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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE PERIOD ENDED 30 JANUARY 2021**


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**Financial and non-financial key performance indicators**

The results for the period are set out on pages 16 to 40. We prepare our financial statements up to the Saturday nearest to 31 January each year. The financial period ended 30 January 2021 included 52 weeks (financial period ended 1 February 2020: 52 weeks).

The key performance indicators used within the business and selected financial data are shown below:

	30 January 2021	1 February 2020
Sales	£75,164,000	£121,978,000
Total sales change %	(38.4%)	1.8%
Gross Profit	£48,957,000	£83,966,000
Gross Profit %	61.5%	68.8%
Net interest expense	£4,138,000	£4,216,000
Cash and cash equivalents	£1,895,000	£2,383,000
Total debt (long-term only)	£68,974,000	£68,122,000
Own store numbers (at period end)	331	344
Concession store numbers (at period end)	89	25

The profit for the financial period of £12,062,000 (2020 loss of: £3,714,000) has been added to (2020: deducted from) the profit and loss account reserves. During the period, the company paid a dividend to our parent company of £NIL (2020: £NIL). This results in profit and loss reserves of £20,490,000 (2020: £8,428,000) at the balance sheet date. Shareholders' funds at the balance sheet date total £27,529,000 (2020: £15,467,000).

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**CLAIRE'S ACCESSORIES UK LTD**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**Principal risks and uncertainties****COVID-19 risk**

The COVID-19 pandemic has had an adverse impact on our business and could continue to adversely impact our business, financial condition, results of operations and cash flows. As a result of reduced consumer traffic at our retail locations in fiscal year 2020, due to store or concession closures, government-imposed restrictions to contain the spread of COVID-19 and public health concern generally, the Company's sales in those periods were significantly adversely impacted.

Although we have re-opened substantially all of our stores (including store-in-store locations), consistent with government guidelines, and have resumed sales at all of our concessions locations, there remains uncertainty around expected consumer traffic generally, as a result of unpredictability about the roll-out of vaccinations (especially with respect to children and teens, our core customer demographic), the impact of new variants of COVID-19, the potential for renewed government restrictions (for example, relating to social distancing, which could affect consumer traffic and our ability to provide piercing services) and general consumer behaviour. Further, while we have implemented strict safety protocols in stores that we have re-opened, there is no assurance that such protocols will be effective or be perceived as effective, and any virus-related illnesses linked or alleged to be linked to our stores, whether accurate or not, may negatively affect the willingness of consumers to visit our stores. If consumer traffic fails to return to pre-pandemic levels or there are fluctuations in consumer traffic, our sales may be negatively affected. Such negative impacts may be exacerbated during traditionally peak consumer traffic periods such as the holiday shopping season.

In addition, if there are further outbreaks of COVID-19 variants or spikes in the number of COVID-19 cases in areas where we operate stores, our employees could become sick or need to be quarantined, or may otherwise be limited in their ability or willingness to work at our locations or travel. Should our stores not have an adequate number of employees, we may be forced to close temporarily, operate on a limited opening schedule, or provide increased wages or incentives in order to attract and retain employees.

The COVID-19 pandemic has also impacted the Company's global supply chain, primarily through increases in the cost of shipping and distribution (especially for products shipped from Asia to the United Kingdom) as a result of impacts on global shipping. These higher costs could continue or increase further. In addition, we have experienced increases in transportation and distribution lead times as a result of shipping fleet congestion at ports of entry, resulting in our having to increase our use of more expensive air freight options from time to time. We may need to continue utilizing higher levels of air freight. Also, in the event of future restrictions on the operation of any of the facilities that produce our merchandise, most of which are located in China, we may not be able to source additional facilities to meet our demand. Moreover, should our distribution centres not have adequate numbers of employees due to ill health or have their operations restricted, our stores may face shortages of merchandise.

As the COVID-19 pandemic subsides, the pace of the economic recovery and shifts in consumer discretionary spending to other categories such as travel and restaurants may negatively impact the Company's results of operations or cash flows. We are also subject to the risk of being unable to negotiate rent suspensions with landlords in the event of future store closures. As such, the full extent of the impact of COVID-19 on the Company's business and financial performance remains uncertain.

**Demand Driven Risk**

Economic conditions may adversely impact demand for our merchandise, which could adversely impact our business, results of operations, financial condition and cash flows. Fluctuations in consumer preference may adversely affect the demand of our products and result in a decline in sales. A decline in the number of people who go to shopping malls/ high streets could reduce the number of our customers and reduce sales. Natural disasters or unusually adverse weather conditions or potential emergence of disease or pandemic could adversely affect our net sales or supply of inventory. Changes in the anticipated seasonal business pattern could adversely affect our sales and profits.

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**CLAIRE'S ACCESSORIES UK LTD**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The key policies are set out below.

**Exchange risk**

The company is exposed to exchange risk through its operations, particularly through the purchase of goods for resale from the Group's company responsible for the import of goods from foreign suppliers which are usually priced in US dollars. The functional currency of the Group company, Claire's European Distribution Limited, is Euro's and any foreign exchange movement is recharged to the European retailing subsidiaries of the Claire's Group. Fluctuations in foreign currency exchange rates could negatively impact our results of operations.

**Credit risk**

As a retailer, the company has no significant exposure to credit risk.

**Liquidity risk**

The company's bank facility is part of a cash pool arrangement it shares with fellow subsidiaries in the Group. This ensures that the company has sufficient funds for its operations and any planned investment or expansion. The company also receives financial support through intercompany loans. These are long term loans used to finance the initial expansion into the UK and French market.

**Interest rate cash flow risk**

The cash pool arrangement allows for a right of set-off and that no debt or credit interest shall accrue in respect of any balance within the group. The companies continues to ensure it has sufficient funds to service the interest bearing long term intercompany loans.

**Going concern review**

Since the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic on March 11, 2020, the Company has been adversely affected by the financial impacts of the pandemic, including stay-at-home orders, non-essential business closures, social distancing and other conditions that continue throughout its operating segments.

As a result of the public health risk and government-imposed quarantines and other restrictions on commercial activity to contain the spread of COVID-19, the Company's Retail and Concessions sales were significantly impacted during fiscal year 2020. During the year, the Government enforced three periods of national lockdowns. During these periods of lockdown revenue was only generated through online trading. Throughout the pandemic some of our stores that remained in operation were subject to restrictions on the number of customers allowed in the stores. As a result of store closures, restricted business operations after reopening and other aspects of responding to the COVID-19 pandemic, we incurred a number of costs that do not align with our normal business operations. These include store occupancy costs (primarily store lease costs) and store labour costs for periods when our stores were closed and additional cleaning and protective equipment. We anticipate we will continue to experience higher costs in areas such as freight costs, inflation, transportation capacity and hourly wage rates as the pandemic continues to have secondary impacts through global supply chains and labour markets. During store closures, we focused on managing costs to preserve financial strength and liquidity through, for example, employee furloughs, rent payment negotiations and inventory management. The Government launched a number of schemes to support businesses, and the Company has received support through the Job Retention Scheme, business rates holiday and the rates grants.



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**CLAIRE'S ACCESSORIES UK LTD**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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We continue to assess the impact of COVID-19 on the assumptions and estimates used when preparing our financial statements including inventory valuation and the impairment of fixed asset investments. These assumptions and estimates may change as the current situation evolves or new events occur and additional information is obtained.

The directors of the Company have received confirmation that its parent undertaking, Claire's Holdings LLC, will be willing, and have the resources available, to provide financial support to the Company as may be necessary for the foreseeable future.

On the basis of the above and their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows: "A director of a company must act in the way they consider, in good faith, would most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company."

The following paragraphs summarise how the Directors fulfil their duties:

**Risk Management**

We are a speciality retailer of value-priced jewellery and accessories for girls and young women, operating leased stores in the UK and Republic of Ireland and are subject to highly regulated environments. As we plan to grow, our business and our risk environment also becomes more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties please see page 4.

**Our People**

Our employees are our biggest asset. Having people who bring a diverse range of talents and perspectives, and who feel engaged in their roles is of paramount importance to Claire's long-term success. Our employees have been instrumental in making Claire's the leading brand it is today. They will also be key to driving the brand forward and ensuring it remains relevant in the future.

We communicate daily with our teams across the business to keep them informed and engaged, listen to their feedback and build a sense of belonging. Written communications are made available via the Claire's intranet. We visit stores and other sites throughout the year and hold regular town hall meetings.

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**CLAIRE'S ACCESSORIES UK LTD**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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The views of our employees are considered by us when reviewing the company's policies including its remuneration and reward policy as well as being used to help reinforce the company's values and ensure that the right culture is in place to fulfil the strategic needs of the business. The standards that we set for our company and our employees are set forth in Claire's Code of Business Conduct and Ethics, which requires employees to act with integrity, to observe the form and spirit of laws and governmental rules and regulations and to adhere to a high standard of business ethics.

**Business Relationships**

Our objective as part of the Claire's global strategy is to maximize our sales opportunities, earnings growth and cash flow. We aim to use all our resources as efficiently as possible, reducing costs to the Company. To do this, we need to develop and maintain strong relationships with the company's business partners. We nurture close relationships with our wholesale, licencing and supply chain partners through monthly and weekly updates understanding their needs and ongoing preferences. This collaborative approach is particularly important to ensure a healthy, sustainable supply chain. We value all our suppliers and visit our key suppliers who are primarily based in the Far-East on a regular basis to maintain a healthy and productive relationship.

We expect our suppliers to respect and follow applicable laws and regulations to promote ethical decisions and legal compliance in all aspects of their business. Our expectations and requirements are set forth in our Supplier Compliance Policy, which all of our suppliers must sign as a condition of doing business with us. With respect to ethical trading, more information can be found on our Modern Slavery Act Statement at [Claire's.com](https://www.claire.com).

The company engages regularly with its customers to get feedback on how it performs through in-store surveys or on-line through product reviews or through its social media channels. Through this research and analysis, we explore what inspires and excites them and use data and analytics to inform our decision making so that we can meet their needs.

**Community and Environment**

The company's approach is to use our position of strength to create positive change for the people and communities which we interact.

It has consistently looked to become a more inclusive and diverse company through the introduction of Claire's Inclusion, Diversity, Equity, and Awareness (IDEA) Council and [Together@Claire's](mailto:Together@Claire.com) forum.

The company provides financial support by donating to designated charities each year. Employees are encouraged to raise donations for local charities and supporting their local communities.

The directors are conscious of the impact its business has on the environment and is constantly reviewing ways this impact can be reduced. This includes working closely with its supply chain partners and encouraging its office based employees to work from home when possible.

Since the outbreak of Covid-19, the directors priority has been the safety and wellbeing of our employees, our partners, customers and our communities. Throughout, the company has followed government and health authority guidelines and the measures that have been put in place aligned with these are designed to help prevent the spread of the virus.

**Stakeholders**

After weighing up all relevant factors, the directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act as fairly as possible between the Company's members but are not required to balance the Company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

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**CLAIRE'S ACCESSORIES UK LTD**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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This report was approved by the board on 31/1/2022 and signed on its behalf.

*Stuart Brown*  
**S A Brown**  
**Director**

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**CLAIRE'S ACCESSORIES UK LTD**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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The directors present their report and the financial statements for the period ended 30 January 2021.

**Principal activity**

The principal activity of the company is that of a speciality retailer of value-priced jewellery and accessories for girls and young women, operating leased stores in the UK and Republic of Ireland. The company has subsidiaries in the United Kingdom, France, Belgium, Spain, Poland, the Czech Republic and Italy with the same principal activity.

The results of the company alone are presented within this Annual Report as the results of the company and its subsidiaries are included in the financial statements of the parent company, Claire's Holding's LLC and thus consolidated accounts are not required to be prepared in accordance with Section 401 of the Companies Act 2006.

**Directors' responsibilities statement**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and then apply them consistently;
- make judgments 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;
- 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.

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## **CLAIRE'S ACCESSORIES UK LTD**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JANUARY 2021**

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#### **Results and dividends**

The profit for the period, after taxation, amounted to £12,062,000 (2020 - loss of £3,714,000).

No dividends were paid in the 52 week period (2020: £Nil).

#### **Directors**

The directors who served during the 52 week period and subsequently were:

S A Brown  
G Pratt

All of the above were executive directors during the 52 week period.

#### **Charitable contributions**

The company paid over donations to UK charities amounting to £3,571 during the period (2020: £6,302). There were no political donations in either period.

#### **Future developments**

Information regarding future developments is disclosed in the Strategic Report.

#### **Employee involvement**

We send out regular communications to our employees via the "HUB" (till software application), "Town Hall" meetings and "C2U" email notifications. All policy documents and updates are shared appropriately, which keep staff up to date with relevant information about the company, and ensures that staff are consulted or informed about any significant changes affecting them.

#### **Disabled employees**

We are committed to being an equal opportunities employer and to act in a fair non-discriminatory manner with all our employees, suppliers, customers and other stakeholders.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of an employee becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be the same as that of a non-disabled person.

#### **Directors' indemnity arrangements**

The directors' indemnity insurance is included as part of a group wide policy in the name of Claire's Holdings LLC, the ultimate parent company. Such qualifying indemnity provisions remain in force at the date of approving the Directors' report.

#### **Matters covered in the strategic report**

Financial risk management, principal risks and uncertainties, key performance indicators and going concern are all disclosed in the Strategic Report.

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**CLAIRE'S ACCESSORIES UK LTD**


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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE PERIOD ENDED 30 JANUARY 2021**


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**SECR report**
**Commentary**

Claire's has sought to reduce its energy consumption through the installation of LED lighting in stores as part of planned re-fitting.

Energy consumption has dropped in 2020 compared to 2019 largely as a result of the impact of Covid 19 restrictions.

<b>Energy Consumption</b>	<b>2021</b>	<b>2020</b>	<b>Variance</b>
Natural Gas (Kwh)	2,188	2,188	0%
Direct Transport (Kwh)	479,465	1,326,273	-64%
Total Electricity (Kwh)	4,755,523	7,415,177	-36%
Total Energy Consumption (Kwh)	5,237,176	8,743,638	-40%

<b>Emissions</b>	<b>2021</b>	<b>2020</b>	<b>Variance</b>
Natural Gas (tCO2E)	0.4	0.4	0%
Direct Transport (tCO2E)	113	319	-65%
Total Electricity (tCO2E)	1,109	1,895	-42%
Total Energy Consumption (tCO2E)	1,222	2,215	-45%

<b>Intensity Ratio</b>	<b>2021</b>	<b>2020</b>	<b>Variance</b>
tCO2e/Floor Area m2	0.11	0.19	-41%

**Exclusions**

No mandatory emissions have been excluded from this report

**Emissions Factor Applied**

DEFRA 2020/21

**Methodology**

This report is aligned with GHG protocol and Environmental Reporting Guidelines including streamlined energy and carbon reporting guidance.

**Estimation**

3.9% of Total Scope 1 and 2 Energy Consumption (Kwh) and 4% of Total Scope 1 and 2 Emissions (tCO2e) have been estimated.

**Scope of Emissions Included in the Report**

Electricity, Gas and Direct Transport

**Disclosure of information to auditor**

The 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 auditor is 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 auditor is aware of that information.

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**CLAIRE'S ACCESSORIES UK LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31/1/2022 and signed on its behalf.

*Stuart Brown*

**S A Brown  
Director**

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**CLAIRE'S ACCESSORIES UK LTD**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLAIRE'S ACCESSORIES UK LTD**

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**Qualified opinion**

We have audited the financial statements of Claire's Accessories UK Ltd (the 'Company') for the period ended 30 January 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the notes to the financial statements, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 January 2021 and of its profit for the period 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 qualified opinion**

With respect to stocks having a carrying amount of £10.8 million, the audit evidence available to us was limited because we were unable to sufficiently observe management's count procedures of the physical stocks across the company's stores and concession sites up to and as at 30 January 2021. This was due to impracticalities around the scheduling of counts given a number of national lockdowns in the UK due to the Covid-19 pandemic during the financial year and subsequently. Further, we were unable to obtain sufficient appropriate audit evidence regarding the existence of stocks by using other audit procedures.

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 United Kingdom, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



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**CLAIRE'S ACCESSORIES UK LTD**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLAIRE'S ACCESSORIES UK LTD  
(CONTINUED)**

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**Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**Other information**

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

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

We have nothing to report in this regard.

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## **CLAIRE'S ACCESSORIES UK LTD**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLAIRE'S ACCESSORIES UK LTD (CONTINUED)**

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#### **Opinion 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 period 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.

#### **Matter on which we are required to report under the Companies Act 2006**

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 the Directors' report.

#### **Matters on which we are required to report by exception**

In respect solely to the issue described in the basis for qualified opinion section of our report:

- we have not received all the information and explanations we require for our audit.

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.

#### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement set out on page 9, 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.

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**CLAIRE'S ACCESSORIES UK LTD**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLAIRE'S ACCESSORIES UK LTD  
(CONTINUED)**

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**Auditor's responsibilities for the audit of the financial statements**

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Company is subject to many laws and regulations, where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006);
- We understood how the Company is complying with legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes and certain other audit procedures;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with employees from different parts of the business to understand where it is considered there was a susceptibility of fraud. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those controls;
- Our audit procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business. In addition, we completed audit procedures to conclude on the compliance of disclosures in the Report and Financial Statements with applicable financial reporting requirements. These audit procedures were designed to provide reasonable assurance that the financial statements were free of fraud or error;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

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**CLAIRE'S ACCESSORIES UK LTD**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLAIRE'S ACCESSORIES UK LTD  
(CONTINUED)**

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- Assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the company operates
  - understanding of the legal and regulatory requirements specific to the company and the applicable statutory provisions;
- We did not identify any matters relating to non-compliance with laws and regulations or relating to fraud; and
- In assessing the potential risks of misstatement, we obtained understanding of the company's control environment, operations, classes of transactions, account balances, expected financial statement disclosures and business risks.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



John Coates BSc BFP FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham

Date: 31/1/2022

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**CLAIRE'S ACCESSORIES UK LTD**


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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**


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	<b>Note</b>	<b>52 weeks ended 30 January 2021 £000</b>	<b>52 weeks ended 1 February 2020 £000</b>
Turnover	4	<b>75,164</b>	121,978
Cost of sales		<b>(26,207)</b>	(38,012)
<b>Gross profit</b>		<b>48,957</b>	83,966
Other operating income	5	<b>8,164</b>	-
Distribution costs		<b>(52,239)</b>	(65,119)
Administrative expenses		<b>12,491</b>	(19,427)
<b>Operating profit/(loss)</b>	6	<b>17,373</b>	(580)
Interest receivable and similar income	10	<b>17</b>	1,305
Interest payable and similar charges	11	<b>(6,399)</b>	(4,258)
<b>Profit/(Loss) before tax</b>		<b>10,991</b>	(3,533)
Tax credit/(charge) on profit/(loss)	12	<b>1,071</b>	(181)
<b>Profit/(Loss) for the financial period</b>		<b>12,062</b>	(3,714)

There was no other comprehensive income for 2021 (2020: £NIL).

All amounts relate to continuing activities.

The notes on pages 21 to 44 form part of these financial statements.

**CLAIRE'S ACCESSORIES UK LTD**  
**REGISTERED NUMBER: 03115188**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JANUARY 2021**

	Note	30 January 2021 £000	1 February 2020 £000
<b>Fixed assets</b>			
Intangible assets	13	13	17
Tangible assets	14	6,884	7,545
Investments	15	75,469	57,636
		<u>82,366</u>	<u>65,198</u>
<b>Current assets</b>			
Stocks	16	10,796	11,315
Debtors: amounts falling due within one year	17	33,442	28,634
Cash at bank and in hand	18	1,895	2,383
		<u>46,133</u>	<u>42,332</u>
Creditors: amounts falling due within one year	19	(31,325)	(23,244)
<b>Net current assets</b>		<u>14,808</u>	<u>19,088</u>
<b>Total assets less current liabilities</b>		<u>97,174</u>	<u>84,286</u>
Creditors: amounts falling due after more than one year	20	(68,974)	(68,122)
<b>Provisions for liabilities</b>			
Other provisions	22	(671)	(697)
		<u>(671)</u>	<u>(697)</u>
<b>Net assets</b>		<u>27,529</u>	<u>15,467</u>
<b>Capital and reserves</b>			
Called up share capital	23	1,150	1,150
Other reserves	24	5,889	5,889
Profit and loss account	24	20,490	8,428
<b>Total Shareholders' funds</b>		<u>27,529</u>	<u>15,467</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31/1/2022

**S A Brown**  
**Director** *Stuart Brown*

The notes on pages 21 to 44 form part of these financial statements.

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**CLAIRE'S ACCESSORIES UK LTD**


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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JANUARY 2021**


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	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
<b>At 2 February 2019</b>	<b>1,150</b>	<b>5,889</b>	<b>12,142</b>	<b>19,181</b>
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(3,714)	(3,714)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(3,714)</b>	<b>(3,714)</b>
<b>At 1 February 2020</b>	<b>1,150</b>	<b>5,889</b>	<b>8,428</b>	<b>15,467</b>
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	12,062	12,062
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>12,062</b>	<b>12,062</b>
<b>At 30 January 2021</b>	<b>1,150</b>	<b>5,889</b>	<b>20,490</b>	<b>27,529</b>

The notes on pages 21 to 44 form part of these financial statements.

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**CLAIRE'S ACCESSORIES UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**1. General information**

Claire's Accessories UK Ltd is a private company, limited by shares, incorporated, registered and domiciled in England and Wales, registration number 03115188. The registered office is Unit 4 Bromford Gate, Bromford Lane, Birmingham, West Midlands, B24 8DW.

The company prepares its financial statements up to the Saturday nearest to 31 January each year. The financial period ended 30 January 2021 includes 52 weeks and the financial period ended 1 February 2020 includes 52 weeks.

The company's financial statements have been prepared in compliance with FRS 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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**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;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- 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);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Claire's Stores Inc. as at 30 January 2021 and these financial statements may be obtained from Claire's Corporate Plaza, 3 SW 129th Avenue, Pembroke Pines, FL 33027, United States of America on request.



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**CLAIRE'S ACCESSORIES UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**2. Accounting policies (continued)****2.3 Going concern**

Since the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic on March 11, 2020, the Company has been adversely affected by the financial impacts of the pandemic, including stay-at-home orders, non-essential business closures, social distancing and other conditions that continue throughout its operating segments.

As a result of the public health risk and government-imposed quarantines and other restrictions on commercial activity to contain the spread of COVID-19, the Company's Retail and Concessions sales were significantly impacted during fiscal year 2020. During the year, the Government enforced three periods of national lockdowns. During these periods of lockdown revenue was only generated through online trading. Throughout the pandemic some of our stores that remained in operation were subject to restrictions on the number of customers allowed in the stores. As a result of store closures, restricted business operations after reopening and other aspects of responding to the COVID-19 pandemic, we incurred a number of costs that do not align with our normal business operations. These include store occupancy costs (primarily store lease costs) and store labour costs for periods when our stores were closed and additional cleaning and protective equipment. We anticipate we will continue to experience higher costs in areas such as freight costs, inflation, transportation capacity and hourly wage rates as the pandemic continues to have secondary impacts through global supply chains and labour markets. During store closures, we focused on managing costs to preserve financial strength and liquidity through, for example, employee furloughs, rent payment negotiations and inventory management. The Government launched a number of schemes to support businesses, and the Company has received support through the Job Retention Scheme, business rates holiday and the rates grants.

We continue to assess the impact of COVID-19 on the assumptions and estimates used when preparing our financial statements including inventory valuation and the impairment of fixed asset investments. These assumptions and estimates may change as the current situation evolves or new events occur and additional information is obtained.

The directors of the Company have received confirmation that its parent undertaking, Claire's Holdings LLC, will be willing, and have the resources available, to provide financial support to the Company as may be necessary for the foreseeable future.

On the basis of the above and their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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**CLAIRE'S ACCESSORIES UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**2. Accounting policies (continued)****2.4 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.5 Revenue**

Revenue represents the fair value of amounts receivable for goods and services and is stated net of discounts, value added tax and returns. Sale of goods are recognised when purchased by the customer or on delivery.

It is the company's policy to sell its products to the retail customer with a right to return within 30 days. Revenue is adjusted for the value of expected returns. The estimated liability for sales returns is based on the historical return levels.

Revenue from the sale of gift cards is deferred until their redemption.

Commission sales are stated net of commission discounts, value added taxes and returns. The commission payable to our concession partners is recognised on an accruals basis in accordance with the terms of the relevant concession arrangement.

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**CLAIRE'S ACCESSORIES UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**2. Accounting policies (continued)****2.6 Government grants**

Grants are accounted under the accruals models as permitted by FRS102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred elements of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Other income includes amounts receivable under the UK Governments Job Retention Scheme, to help the company support employees who were furloughed as a result of the Coronavirus pandemic, but remained on the company's payroll. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant.

**2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.8 Finance costs**

Finance costs are charged to profit or loss 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.

**2.9 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

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**CLAIRE'S ACCESSORIES UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**2. Accounting policies (continued)****2.10 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.11 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the income statement over its useful economic life of 20 years.

**Software**

Software included as intangible assets are amortised over their useful life on a straight line basis, which is considered to be a period of 5 years.

**2.12 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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**CLAIRE'S ACCESSORIES UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**2. Accounting policies (continued)****2.12 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property - 2 - 10 years  
Fixtures, fittings and equipment - 3 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.13 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.14 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.15 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.16 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.17 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**CLAIRE'S ACCESSORIES UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**2. Accounting policies (continued)****2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.19 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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**CLAIRE'S ACCESSORIES UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2021**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Our Financial Statements have been prepared in accordance with accounting principles generally accepted in the UK and Republic of Ireland, which require us to make certain estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures regarding contingent assets and liabilities and reported amounts of revenue and expenses. Such estimates include, but not limited to, the value of inventories, the value of fixed assets, and assumptions used in the calculation of corporate income taxes. These estimates and assumptions are based on our best estimates and judgement. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which we believe to be reasonable under the circumstances. We adjust such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates will be reflected in the financial statements in those future periods when the changes occur.

*Stocks*

Our stocks are accounted for under the lower of cost or retail market value, with cost determined using the average cost method at an individual item level. Retail market value is determined based on the estimated net realisable value, which is generally the merchandise selling price. Stock valuation is impacted by the estimation of slow moving stock, shrinkage and markdowns. Management monitors merchandise stock levels to identify slow-moving items and uses markdowns to clear such stocks. Changes in consumer demand of our product could affect our retail prices, and therefore impact the retail method and lower of cost or retail market valuations.

*Fixed assets*

We evaluate the carrying value of intangible assets, tangible assets and investments whenever events or changes in circumstances indicate that a potential impairment has occurred. A potential impairment has occurred if the projected future undiscounted cash flows are less than the carrying value of the assets. The estimate of the cash flows includes management's assumptions of cash inflows and outflows directly resulting from the use of the asset in operations. When a potential impairment has occurred, an impairment change is recorded if the carrying value of the asset exceeds its fair value. Fair value is measured based on a projected discounted cash flow model using a discount rate we feel is commensurate with the risk inherent in our business. a prolonged decrease in consumer spending would require us to modify our models and cash flow estimates, and could create a risk of an impairment triggering event in the future. Our impairment analyses contain estimates due to the inherently judgemental nature of forecasting long-term estimated cash flows and determining the ultimate useful lives of assets. Actual results may differ from those estimates, which could materially impact our impairment assessment. We did not recognise any impairment charges during the period.

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**CLAIRE'S ACCESSORIES UK LTD**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2021**


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**3. Judgments in applying accounting policies (continued)**
*Corporate Income Taxes*

Our provision for corporate income taxes is determined based on our income, statutory tax rates and the tax implications of items treated differently for tax purposes than for financial reporting purposes. Tax law requires certain items to be included in the tax return at different times than the items are reflected in the financial statements. Some of these differences are permanent, such as expenses that are not deductible in our tax return, and some differences are temporary, reversing over time, such as depreciation expense. We establish deferred tax assets and liabilities as a result of these temporary differences.

We establish accruals for uncertain tax positions in our Financial Statements based on tax positions that we believe are supportable, but are potentially subject to successful challenge by the taxing authorities. We believe these accruals are adequate based on our assessment of many factors including past experience, progress of ongoing tax audits and interpretations of tax law. If changing facts and circumstances cause us to adjust our accruals, or if we prevail in tax matters for which accruals have been established, or we are required to settle matters in excess of established accruals, our income tax expense for a particular period will be affected.

**4. Turnover**

The whole of the turnover is attributable to the principal activity of the company and arose entirely within the UK.

**5. Other operating income**

	<b>52 weeks ended 30 January 2021 £000</b>	<b>52 weeks ended 1 February 2020 £000</b>
Other operating income	<b>8,164</b>	-
	<b>8,164</b>	-

Other operating income includes £8,164,000 relating to the Job Retention Scheme and Business Support Grants received from the UK Government during the financial period.



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**CLAIRE'S ACCESSORIES UK LTD**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JANUARY 2021**


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**6. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	<b>52 weeks ended 30 January 2021 £000</b>	<b>52 weeks ended 1 February 2020 £000</b>
Depreciation of tangible fixed assets (note 14)	<b>1,885</b>	<b>1,930</b>
Amortisation of intangible assets, including goodwill (note 13)	<b>4</b>	<b>27</b>
Other operating lease rentals	<b>15,748</b>	<b>20,609</b>
Defined contribution pension cost (note 8)	<b>407</b>	<b>412</b>
Impairment of investments (note 15)	<b>(17,833)</b>	<b>4,693</b>
	<b><u>(17,833)</u></b>	<b><u>4,693</u></b>

The amounts included above within impairment of investments relate to the part reversal of reduction in the carrying value in group undertakings (note 15).

**7. Auditor's remuneration**

	<b>52 weeks ended 30 January 2021 £000</b>	<b>52 weeks ended 1 February 2020 £000</b>
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<b>51</b>	<b>56</b>
	<b><u>51</u></b>	<b><u>56</u></b>

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**8. Employees**

Staff costs were as follows:

	<b>52 weeks ended 30 January 2021 £000</b>	<b>52 weeks ended 1 February 2020 £000</b>
Wages and salaries	<b>13,413</b>	23,713
Social security costs	<b>1,099</b>	1,615
Cost of defined contribution scheme (note 26)	<b>407</b>	412
	<b><u>14,919</u></b>	<b><u>25,740</u></b>

Wages and salaries (including social security costs) shown above include the gross employment costs of staff who work for both Claire's Accessories UK Ltd and other group companies. Amounts receivable from those group companies for the period total £507,000 (2020: £477,000) and are set against the expense in the statement of comprehensive income.

The average monthly number of employees, including the directors, during the period was as follows:

	<b>52 weeks ended 30 January 2021 No.</b>	<b>52 weeks ended 1 February 2020 No.</b>
Administration	<b>32</b>	33
Selling and Distribution	<b>1,747</b>	2,318
	<b><u>1,779</u></b>	<b><u>2,351</u></b>

**9. Directors' remuneration**

No director received any emoluments from Claire's Accessories UK Ltd in either the current or the prior period for their services to the company.

During the period the directors were also the directors of other group companies. The directors of the Company are remunerated through Claire's European Services Limited. The directors received total remuneration of £524,000 from Claire's European Services Limited during the year, but it is not practicable to allocate remuneration between their services for Claire's European Services Limited and their services as directors for other group companies, and remuneration is therefore disclosed in the company in which it is paid.

The directors of the Company are considered to be the Key Management Personnel of the Company.

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**10. Interest receivable**

	<b>52 weeks ended 30 January 2021 £000</b>	<b>52 weeks ended 1 February 2020 £000</b>
Bank interest receivable	-	5
Other interest receivable	8	5
Interest on loans to group companies	-	31
Net foreign exchange gains	9	1,264
	<b>17</b>	<b>1,305</b>

**11. Interest payable and similar charges**

	<b>52 weeks ended 30 January 2021 £000</b>	<b>52 weeks ended 1 February 2020 £000</b>
Loans from group undertakings	4,146	4,257
Unwinding of discount on provisions	1	1
Net foreign exchange losses	2,252	-
	<b>6,399</b>	<b>4,258</b>

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**12. Taxation**

	<b>52 weeks ended 30 January 2021 £000</b>	<b>52 weeks ended 1 February 2020 £000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>(854)</b>	400
Adjustments in respect of previous periods	-	(279)
	<b>(854)</b>	121
<b>Foreign tax</b>		
Foreign tax on income for the year	<b>3</b>	-
	<b>3</b>	-
<b>Total current tax</b>	<b>(851)</b>	121
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(220)</b>	60
<b>Total deferred tax</b>	<b>(220)</b>	60
<b>Taxation (credit)/charge on (loss)/profit on ordinary activities</b>	<b>(1,071)</b>	181

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**12. Taxation (continued)**
**Factors affecting tax charge for the period**

The tax charge assessed for the 52 week period (2020: 52 week period) is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>52 weeks ended 30 January 2021 £000</b>	<b>52 weeks ended 1 February 2020 £000</b>
Profit/(loss) on ordinary activities before tax	<b>10,991</b>	<b>(3,533)</b>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>2,088</b>	<b>(671)</b>
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	<b>(3,386)</b>	<b>-</b>
Expenses not deductible for tax purposes	<b>31</b>	<b>925</b>
French branch loss relief and other differences	<b>3</b>	<b>23</b>
French brand interest restriction - double deduction adjustment	<b>193</b>	<b>190</b>
Adjustments to tax charge in respect of prior periods	<b>-</b>	<b>(286)</b>
<b>Total tax (credit)/charge for the period</b>	<b>(1,071)</b>	<b>181</b>

**Factors that may affect future tax charges**

The standard rate of UK Corporation Tax is 19% (2020: 19%).

As announced in the Spring Budget 2021, the corporation tax rate is set to increase to 25% with effect from 1 April 2023.

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**13. Intangible assets**

	Software £000	Goodwill £000	Total £000
<b>Cost</b>			
At 2 February 2020	674	529	1,203
At 30 January 2021	674	529	1,203
<b>Amortisation</b>			
At 2 February 2020	666	520	1,186
Charge for the period	3	1	4
At 30 January 2021	669	521	1,190
<b>Net book value</b>			
At 30 January 2021	5	8	13
At 1 February 2020	8	9	17

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**14. Tangible fixed assets**

	Short-term leasehold property £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At 2 February 2020	30,942	27,832	58,774
Additions	898	326	1,224
Disposals	(1,061)	(338)	(1,399)
At 30 January 2021	<u>30,779</u>	<u>27,820</u>	<u>58,599</u>
<b>Depreciation</b>			
At 2 February 2020	25,640	25,589	51,229
Charge for the period on owned assets	1,239	646	1,885
Disposals	(1,061)	(338)	(1,399)
At 30 January 2021	<u>25,818</u>	<u>25,897</u>	<u>51,715</u>
<b>Net book value</b>			
At 30 January 2021	<u>4,961</u>	<u>1,923</u>	<u>6,884</u>
At 1 February 2020	<u>5,302</u>	<u>2,243</u>	<u>7,545</u>

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**15. Fixed asset investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost</b>	
At 2 February 2020	<b>81,450</b>
At 30 January 2021	<b>81,450</b>
<b>Impairment</b>	
At 2 February 2020	<b>23,814</b>
Credit for the period	<b>(17,833)</b>
At 30 January 2021	<b>5,981</b>
<b>Net book value</b>	
At 30 January 2021	<b>75,469</b>
At 1 February 2020	<b>57,636</b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Claire's France SAS	France	100% fashion jewellery and accessory retailer	Ordinary	100%
Claire's Accessories Spain SL	Spain	100% fashion jewellery and accessory retailer	Ordinary	100%
Claire's Belgium BVBA	Belgium	100% fashion jewellery and accessory retailer	Ordinary	100%
Claire's Poland sp. z.o.o	Poland	100% fashion jewellery and accessory retailer	Ordinary	99%
Claire's Czech Republic s.r.o	Czech Republic	100% fashion jewellery and accessory retailer	Ordinary	90%
Claire's Italy S.r.l	Italy	100% fashion jewellery and accessory retailer	Ordinary	100%
Claire's European Distribution Limited	England and Wales	Wholesaling, warehousing & logistic services	Ordinary	100%



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**16. Stocks**

	<b>30 January 2021 £000</b>	<i>1 February 2020 £000</i>
Goods for resale	<b>10,644</b>	11,168
Consumables	<b>152</b>	147
	<b>10,796</b>	11,315

Stock recognised in cost of sales during the 52 week period as an expense was £25,190,000 (2020: £37,980,000).

An impairment loss of £1,440,000 (2020: £361,000) was recognised in cost of sales against stock during the 52 week period due to slow-moving and obsolete stock.

An impairment loss of £100,000 (2020: £1,114,000) was recognised in cost of sales against stock during the 52 week period due to stolen stock.

**17. Debtors**

	<b>30 January 2021 £000</b>	<i>1 February 2020 £000</i>
Amounts owed by group undertakings	<b>27,437</b>	20,791
Other debtors	<b>1,212</b>	814
Prepayments and accrued income	<b>3,428</b>	5,952
Tax recoverable	<b>655</b>	585
Deferred taxation	<b>710</b>	492
	<b>33,442</b>	28,634

The company entered into a new HSBC cash pool arrangement with fellow subsidiaries in March 2019. This arrangement allows for all participant accounts to be swept overnight to a header account held by the Claire's European Services Limited. The header account funds the fellow subsidiaries cash requirement from ordinary operations. The arrangement allows for debit or credit interest to accrue in respect of any balances within the participants group.

Subject to the above, amounts owed by group undertakings are short term, interest free trading balances. The amounts are unsecured.

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**18. Cash and cash equivalents**

	<b>30 January 2021 £000</b>	<i>1 February 2020 £000</i>
Cash at bank and in hand	<b>1,895</b>	2,383

**19. Creditors: Amounts falling due within one year**

	<b>30 January 2021 £000</b>	<i>1 February 2020 £000</i>
Trade creditors	<b>14,118</b>	1,002
Amounts owed to group undertakings	<b>9,351</b>	12,327
Corporation tax	-	61
Other creditors	<b>116</b>	2,765
Accruals and deferred income	<b>7,740</b>	7,089
	<b>31,325</b>	23,244

The company entered into a new HSBC cash pool arrangement with fellow subsidiaries in March 2019. This arrangement allows for all participant accounts to be swept overnight to a header account held by the Claire's European Services Limited. The header account funds the fellow subsidiaries cash requirement from ordinary operations. The arrangement allows for debit or credit interest to accrue in respect of any balances within the participants group.

Subject to the above, amounts owed to group undertakings are short term, interest free trading balances. These amounts are unsecured.

**20. Creditors: Amounts falling due after more than one year**

	<b>30 January 2021 £000</b>	<i>1 February 2020 £000</i>
Amounts owed to group undertakings	<b>68,974</b>	68,122

Included within amounts owed to group undertakings are amounts totalling £52,200,000 (2020: £52,200,000) that fall due for repayment within five years, and amounts totalling £16,774,000 (2020: £15,922,000) that fall due for repayment more than five years from the balance sheet date. These amounts incur interest at a fixed rate of 6% and are unsecured.

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**21. Deferred taxation**

	<b>2021 £000</b>
At beginning of period	<b>492</b>
Charged to profit or loss	<b>218</b>
<b>At end of period</b>	<b>710</b>

The deferred tax asset is made up as follows:

	<b>30 January 2021 £000</b>	<i>1 February 2020 £000</i>
Fixed asset timing differences	<b>(62)</b>	<i>60</i>
Short term timing differences	<b>772</b>	<i>432</i>
	<b>710</b>	<i>492</i>

The deferred tax asset has been recognised since, taking into account all available evidence including current trading levels and expectations of future trading, it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

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**22. Provisions**

	<b>Lease expiry obligations £000</b>
At 2 February 2020	<b>697</b>
Foreign exchange movement	<b>2</b>
Unwinding of discount	<b>1</b>
Utilised in period	<b>(29)</b>
<b>At 30 January 2021</b>	<b>671</b>

## Lease expiry obligations

A provision is recognised for expected dilapidation costs on vacation of the properties rented by Claire's Accessories UK Ltd. The provision has been based upon a standard cost per store type estimating the works necessary and projected cost to return the properties to the condition identified in the lease. The standard cost will vary by type of store and location. These are applied to all stores at expiry of the lease, discounted to present value.

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**23. Share capital**

	<b>30 January 2021 £000</b>	<i>1 February 2020 £000</i>
<b>Allotted, called up and fully paid</b>		
1,150,000 (2020 - 1,150,000) Ordinary shares of £1.00 each	<b>1,150</b>	<i>1,150</i>

Each share is entitled to one vote in any circumstance.

**24. Reserves**
**Capital contribution reserve**

On 27 January 2017, the company received a capital contribution of £5,889,000 from Claire's Holding GmbH, the immediate parent undertaking.

**Profit and loss account**

Includes all current and prior period retained profits and losses less dividends paid in the period.

**25. Capital commitments**

At 30 January 2021 the Company had capital commitments as follows:

	<b>30 January 2021 £000</b>	<i>1 February 2020 £000</i>
Contracted for but not provided in these financial statements	<b>107</b>	<i>318</i>

**26. Pension commitments**

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £407,000 (2020: £412,000). Contributions totalling £120,000 (2020: £166,000) were payable to the fund at the balance sheet date.

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**27. Commitments under operating leases**

At 30 January 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>30 January 2021 £000</b>	<i>1 February 2020 £000</i>
<b>Land and buildings</b>		
Not later than 1 year	<b>14,192</b>	16,033
Later than 1 year and not later than 5 years	<b>28,707</b>	32,406
Later than 5 years	<b>5,782</b>	8,986
	<hr/> <b>48,681</b> <hr/>	<hr/> 57,425 <hr/>
	<b>30 January 2021 £000</b>	<i>1 February 2020 £000</i>
<b>Plant and machinery</b>		
Not later than 1 year	<b>106</b>	95
Later than 1 year and not later than 5 years	<b>164</b>	83
	<hr/> <b>270</b> <hr/>	<hr/> 178 <hr/>

**28. Related party transactions**

No transactions with related parties were undertaken during the period such as are required to be disclosed under Section 33 of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

**29. Guarantees**

The Company entered into a revolving Credit Agreement dated 12 October 2018 for \$75 million ("The Revolving Credit Agreement") between among others, (1) Claire's Holdings LLC and Claire's Stores, Inc. (US borrowers), (2) Claire's (Gibraltar) Holdings Limited and each of the Claire's Stores, Inc. subsidiaries incorporated in the UK including the Company (UK borrowers), (3) the Lenders party thereto from time to time, (4) Citibank, as administrative and collateral agent of the Lenders. The Company has pledged all its assets and bank accounts as security for the revolving Credit Agreement. The Company presently has no plans to draw on the facility.

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**30. Immediate and ultimate controlling party**

The immediate parent undertaking is Claire's Holding GmbH, a company incorporated in Switzerland. The ultimate parent undertaking is Claire's Holdings LLC which is incorporated in the United States. The smallest and largest group for which group financial statements are prepared that include and consolidate the results of Claire's Accessories UK Ltd for the period ended 30 January 2021 is Claire's Holdings LLC. Copies of these financial statements can be obtained upon request.