Mulberry

Annual Report and Accounts

FOR THE PERIOD ENDED 30 MARCH 2020

Highlights

52 weeks ended 28 March 2020

FINANCIAL HIGHLIGHTS

- Group revenue down 10% to £149.3m (2019: £166.3m)
- International retail sales increased 4% to £32.4m (2019: £31.3m)
- Adjusted loss before tax of £14.2m (2019: adjusted profit £1.0m) before adjusting items of £33.7m (2019: £6.0m)
- Period end Group net cash of £7.2m (2019: £11.1m)
- Inventory reduced by 12% to £34.9m (2019: £39.7m)

OPERATING HIGHLIGHTS AND RESPONSE TO COVID-19

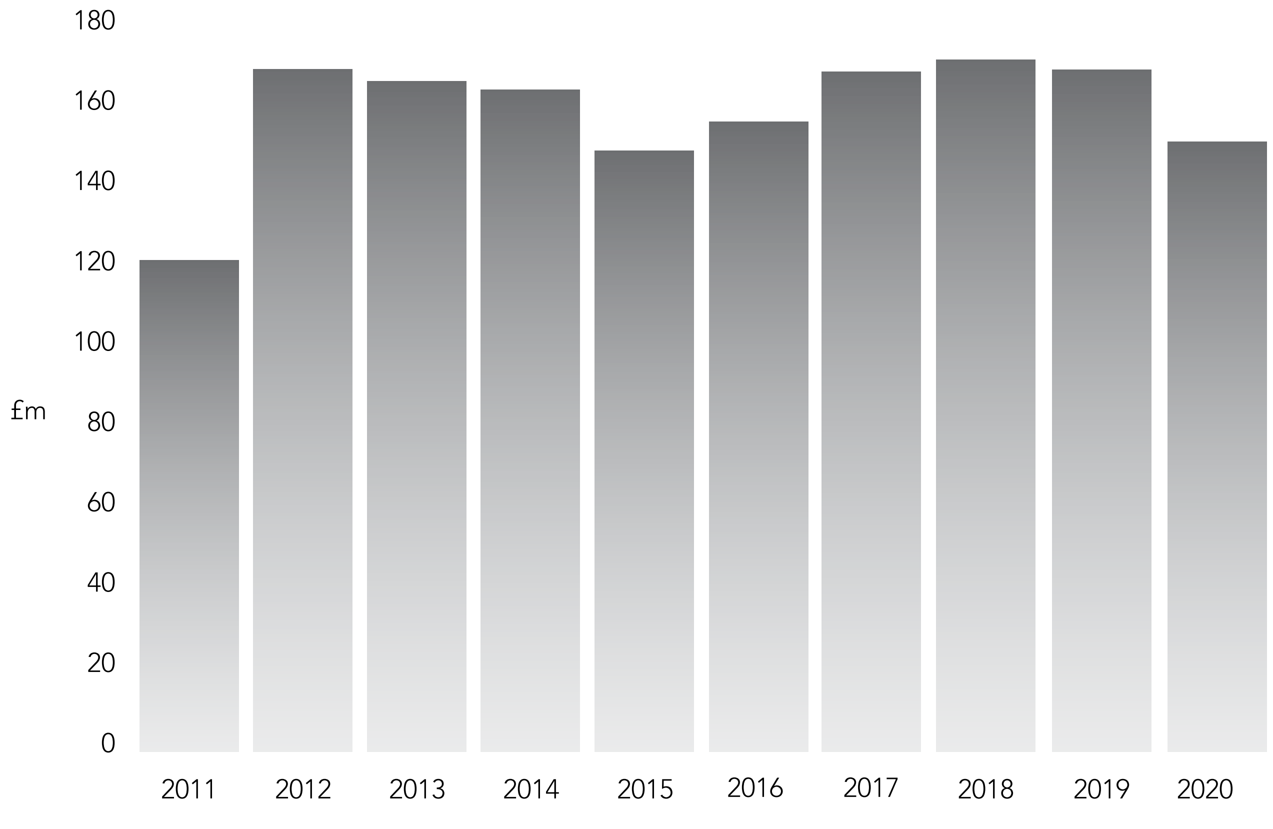
- Direct-to-customer sales of £135.4m (2019: £146.0m) represented 91% of Group revenue (2019: 88%)
- Digital sales as a proportion of Group revenue were 24% (2019: 22%)
- New Mulberry store concept now in 28 stores (including 8 partner stores)

SUSTAINABILITY HIGHLIGHTS

- Released our first 100% sustainable leather bag 'The Portobello', which sold out online in 24 hours.
- Mulberry is now carbon neutral across all UK operations.

CURRENT TRADING

- Trading since the start of the current financial period is ahead of our early expectations
- Group revenue down 29% for the 26-week period from 29 March to 26 September 2020
- Asia Pacific retail revenue up 27% for the 26-week period from 29 March to 26 September 2020
- Digital off-price site established to replace lost sales from our outlet stores
- Net cash of £8.0m at 25 September 2020, bank facilities extended to March 2022
- The Group expects losses to be reduced in the current financial period.



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52 weeks ended 28 March 2020

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Godfrey Pawle Davis FCA Thierry Patrick Andretta Charles Anderson ACMA Andrew Christopher (Chris) Roberts FCCA Steven Grapstein CPA Melissa Ong Christophe Olivier Cornu Julie Gilhart
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Nominated Broker:	Barclays Bank PLC London
Registered Auditor:	Deloitte LLP Bristol
Solicitors:	Osborne Clarke Bristol
Principal Bankers:	HSBC Bank plc Bristol
Registrars:	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH

HIGHLIGHTS

REPORTED AND UNDERLYING RESULTS

The income statement set out below is included to show the underlying performance of the Group, as further described in note 3. It does not form part of the consolidated financial statements for the 52 weeks ended 28 March 2020 and 53 weeks ended 30 March 2019. Adjusting items include restructuring costs, store closure costs and store asset impairments largely resulting from the expected impact of COVID-19 on future trading. A full reconciliation of the reported loss before tax to the underlying result is found in note 7.

	52 weeks ended 28 March 2020			53 weeks ended 30 March 2019		
£'m	Underlying	Adjusting items	Reported	Underlying	Adjusting items	Reported
Revenue	149.3	–	149.3	166.3	–	166.3
Gross profit	91.1	–	91.1	102.3	–	102.3
Impairment charge related to property, plant and equipment	–	(7.1)	(7.1)	–	(0.8)	(0.8)
Impairment charge related to right-of-use assets	–	(24.9)	(24.9)	–	–	–
Other operating expenses	(101.6)	(1.7)	(103.2)	(102.1)	(5.2)	(107.3)
Other operating income	1.1	–	1.1	0.9		0.9
Operating loss	(9.3)	(33.7)	(43.0)	1.1	(6.0)	(4.9)
Share of results of associates	–	–	–	0.1	–	0.1
Finance income	0.1	–	0.1	0.1	–	0.1
Finance expense	(5.0)	–	(5.0)	(0.3)	–	(0.3)
Loss before tax	(14.2)	(33.7)	(47.9)	1.0	(6.0)	(5.0)

Adjusting items include restructuring costs of £0.7m, store closure costs of £0.9m and store asset and right of use asset impairments of £32.1m largely resulting from the expected impact of COVID-19 on future trading.

FINANCIAL HIGHLIGHTS

- Group revenue down 10% to £149.3m (2019: £166.3m), primarily reflecting a challenging UK market and the impact of COVID-19 towards the end of the financial period. Group revenue down 6% before the start of COVID-19.
- International retail sales increased 4% to £32.4m (2019: £31.3m) representing 26% of retail revenue (2019: 23%). Asia Pacific retail sales increased 30%, driven by ongoing investment in this region, offset by a 14% decrease in rest of world retail sales, which included some store closures.
- Adjusted loss before tax of £14.2m (2019: adjusted profit £1.0m) before adjusting items of £33.7m (2019: £6.0m) largely resulting from the expected impact of COVID-19 on future trading.
- Period end Group net cash of £7.2m (2019: £11.1m), reflecting the increased operating loss, offset by lower working capital and capital expenditure.
- Inventory reduced by 12% to £34.9m reflecting good progress with our agile supply chain and inventory control.
- The Board has taken the decision not to pay a full year 2020 dividend (2019: 5.0p) in order to maintain a robust liquidity position given the uncertainty and duration of COVID-19.

OPERATING HIGHLIGHTS AND RESPONSE TO COVID-19

- Direct-to-customer sales represented 91% of Group revenue (2019: 88%) and were £135.4m (2019: £146.0m).
- Digital sales as a proportion of Group revenue were 24% (2019: 22%).
- New Mulberry store concept now in 28 stores (including eight partner stores), driving a significant lift in sales per square foot.
- We reacted swiftly to manage the impact of COVID-19, with the Board meeting fortnightly, and continue to execute a well-developed plan to manage capital, reduce costs and maintain a robust liquidity position.

SUSTAINABILITY HIGHLIGHTS

- Released our first 100% sustainable leather bag 'The Portobello', which sold out online in 24 hours.
- Mulberry is now carbon neutral across all UK operations.

CURRENT TRADING

- Trading since the start of the current financial period is ahead of our early expectations.
- Group revenue down 29% for the 26-week period from 29 March to 26 September 2020, compared to the same period last year, with an improving trend since stores have re-opened:

  Digital revenue up 69%.

  Asia Pacific retail revenue up 27%.
- Digital off-price site established to replace lost sales from our outlet stores, which has been successful.
- Net cash of £8.0m at 25 September 2020, bank facilities extended to March 2022 with renegotiated banking covenants to reflect the current COVID-19 world.
- The Group expects losses to be reduced in the current financial period.

VISION AND VALUES

THE MULBERRY VISION

Born in 1971, the roots of Mulberry are in Somerset, England. For nearly 50 years, Mulberry has been a sustainable British luxury brand, internationally acclaimed for quality and design.

Mulberry's founder, Roger Saul, established the brand at his kitchen table, with £500 backing from his mother. His sister designed our instantly recognisable tree logo. The logo and the name "Mulberry" come from the trees he would pass each day on his way to school. All of this represented a love of nature, the importance of family and the growth of a fundamentally British brand.

Between town and country, the serenity of Somerset and the pace of London, Mulberry combines authentic, age-honoured craft with an innovative fashion character.

Our approach is based on a simple principle that Mulberry will make a positive difference to its people, the environment and the communities in which we work.

Today, we see heritage as the start of our story, not the end.

OUR VALUES

We believe in driving a positive culture through our employee values – Be Open, Be Bold, Be Imaginative and Be Responsible.

BUSINESS MODEL AND STRATEGY

BUSINESS MODEL

Mulberry is a sustainable British luxury brand with a rich heritage in leather craftsmanship and a reputation for innovation.

We source, design and manufacture leather goods, including bag ranges and other lifestyle accessories, which we sell direct to consumers across 190 countries through our integrated digital channels and store network. In other territories, we work with selected local partners to deliver the same customer experience.

Our aim is to build Mulberry as a sustainable global luxury brand, creating value for all our stakeholders, whilst not forgetting to stick to our roots – that Mulberry will make a positive difference to its people, the environment and the communities in which we work.

STRATEGY

Our aim is to build Mulberry as a sustainable global luxury brand through four strategic pillars:

1. Omni-channel distribution
   We aim to enhance our customers' experience and drive engagement with them. Our omni-channel approach allows customers to research, buy and return products anywhere across our stores and digital platforms. Our digital platform is at the core of this approach, seamlessly integrated with our stores and managed by a single multi-disciplinary team with a single global approach to inventory. We continue to invest in further enhancements to our omni-channel approach, which includes developing our store network through selective store openings and the continued roll-out of the new Mulberry store concept.

2. International development
   We are extending our digital channels and global store network, with a particular focus on Asia. We continue to build global awareness of the Mulberry brand and drive momentum including localised, on-the-ground and virtual events in key areas, using data-driven insights to generate in-depth awareness of our global customers and their buying habits.

3. Constant innovation
   We innovate with new services, new materials and methods of creation and production to adapt to changing customer tastes and meet demand. At the same time, we are transforming our agile supply chain, enhancing market reactivity and reducing lead time, to match the increase in digital demand.

4. Sustainable lifecycle
   We are focused on developing Mulberry 'families' that are made-to-last, while delivering best-in-class customer service, including lifetime repair and aftercare. We are building on Mulberry's class-leading quality, focusing on sustainability in supply, craftmanship, packaging and distribution, which is also emerging as a key focus for all our customers.

CHAIRMAN'S STATEMENT

In summary, the Group was destined to record a small profit in the second half of the financial period, until trading was impacted by the outbreak of COVID-19 with the majority of Group stores closing on different dates between January and 28 March 2020.

As with all brands, we have suffered from the impact of this global pandemic. Yet our omni-channel approach, including our market-leading digital platforms and international development in Asia has enabled us to withstand some of the pressures affecting all consumer-facing businesses.

Our omni-channel distribution, digital strategy and company-wide approach to sustainability are at the core of our growth strategy and are deeply embedded in our culture and systems. We believe that being leaders in these areas is the basis of our future success, and this has enabled the Group to improve upon our base case sales projections during the new financial period to date.

NEW ACCOUNTING STANDARDS

We have adopted the accounting standard IFRS 16 with effect from 31 March 2019. This gives rise to material non-cash adjustments to our balance sheet and income statement, making the Group's year-on-year performance not comparable.

Under IFRS 16, we must treat leases as if the underlying assets have been purchased for the life of the lease. Right-of-use assets of £111.2m and lease liabilities of £113.6m have been added to the balance sheet at 31 March 2019 and depreciation and interest is charged to the income statement instead of rent. In addition, we must forecast sales and costs forward for the full period of the lease to calculate any impairment of this new asset on an annual basis. An impairment analysis of the right-of-use assets was performed on transition, with a resulting impairment charge of £17.8m recognised against opening reserves as at 31 March 2019.

Due to COVID-19 and the related uncertainty around footfall and sales in our Central London stores, the Group has taken a carefully considered approach to forecasting future trading, which has resulted in a further impairment charge against the right-of-use assets of £24.9m in the period ended 28 March 2020.

Importantly, these are non-cash accounting adjustments, with no corresponding impact on the underlying trading of the Group, which has benefited from our digital/omni-channel offering.

THE IMPACT OF COVID-19

The immediate effect of COVID-19 was the closure of the majority of our shops and our UK factories by the end of March 2020. This resulted in all store staff and direct production teams, along with many support staff, being furloughed under the UK Coronavirus Job Retention Scheme ("CJRS"). Our digital business continued to trade strongly, and the team created a digital off-price site that has traded well.

However, the absence of shoppers on the high street in the short term, and the absence of tourists in the UK and Europe in the longer term, required a major restructuring of our business. The CJRS enabled us to take a measured look at the changes required. Sadly, we concluded that it was necessary to reduce our global headcount by approximately 25%, which we announced on 8 June 2020. Without the time afforded by the CJRS, we would have been forced to act earlier and make deeper cuts. The redundancy process was completed at the end of July 2020, and it has been an extremely difficult decision to part with so many of our valued colleagues and friends.

The Board has decided that no dividend will be declared for the period ended 28 March 2020 (2019: 5.0p per ordinary share) in order to maintain a robust liquidity position given the uncertainty and duration of COVID-19.

ASIA

Having taken direct control of our businesses in China in March 2018, and South Korea in August 2018, we have made significant progress in Asia, implementing our global single inventory and replenishment systems in both territories. Combined with the recruiting of new management in Korea and Japan, we have started to roll-out our omni-channel approach in these regions.

The benefits of this were masked by the impact of the COVID-19 outbreak in these territories, but have become clear in the current period. In China, our team completed the complex task of integrating our systems with the key digital players so that we could operate efficiently on a concession basis. There is still much to do, but we have seen good growth in this region.

CREATIVE DIRECTOR

With effect from 31 March 2020, Johnny Coca left after five years as our Creative Director and we are currently considering his replacement. In the meantime, our well-established design team continue their excellent work. I would like to take this opportunity to thank Johnny for his contribution to Mulberry.

CURRENT TRADING AND OUTLOOK

In practice, the strength of our digital business has resulted in initial sales in the period to date being ahead of early expectations, with growth in Asia helping to offset some of the impact of the shut down in the UK, Europe and North America.

Since the start of the new financial period, most of our UK and European stores have re-opened, with trading depressed in capital cities but stronger elsewhere, reflecting the absence of tourists and people in offices. Our digital business has continued its pattern of strong growth.

We have recommenced manufacturing in Somerset to meet the demand for our product. Inventory levels remain on target, with no build-up of out-of-season merchandise.

The Group started the new financial period with net cash of £7.2m. We have extended our bank facilities with HSBC until March 2022 and renegotiated covenants to reflect the current COVID-19 world. At the date of writing, the Group has net cash and is not utilising the HSBC bank facilities.

With the background of COVID-19 conditions likely to continue for the remainder of the current period, sales are expected to be lower than the period ended 28 March 2020, but the Group expects losses to be reduced. Our expectations will undoubtedly be negatively affected by any further countrywide lock downs or a “second wave” of COVID-19 and hence there remains considerable uncertainty about future performance.

I would like to thank all of the team at Mulberry for their dedication and achievements during a time of extreme change and stress in our industry. I believe that they have laid the foundations for a successful future.

Godfrey Davis
Non-Executive Chairman
5 October 2020

CHIEF EXECUTIVE'S STATEMENT

OVERVIEW

During the 52 weeks to 28 March 2020, we made progress against our strategic goal of making Mulberry a sustainable global luxury brand. With our rich heritage in leather craftsmanship and reputation for innovation, we strive to grow the Group through our four strategic pillars, which focus on omni-channel distribution, international development, constant innovation and a sustainable lifecycle.

It has been a challenging period for the Group. A difficult UK sales environment, affected by Brexit-related political uncertainty, the fall in consumer confidence, an increasingly promotion-led market and the impact of COVID-19 towards the end of the financial period.

COVID-19 has had a dramatic impact on our business, and we expect the recovery in our sales levels over the medium term to be gradual. Prior to the outbreak of COVID-19, we were making good progress in delivering against our strategy, in particular, our sector-leading omni-channel platform and global network of digital concessions, our international development strategy and our continuing focus on a sustainable lifecycle. Whilst we will continue to monitor and react appropriately to the ongoing impact of COVID-19, we are confident that our strategy is the right one.

Although the UK market, which accounted for 66% of Group revenue (2019: 69%), has been challenging, our international development continued, with international retail sales growing 4% year-on-year. Asia pacific retail sales increased 30%, driven by ongoing investment in this region, offset by a 14% decrease in rest of world sales, which included some store closures. The Asia region continues to offer a significant growth opportunity and remains a key strategic focus.

Direct-to-customer sales, which accounted for 91% of Group revenue (2019: 88%), include sales generated through Mulberry stores (including franchise partner stores), department stores and digital channels. Our initial strategic focus on building a direct-to-customer model has enabled us to enhance the customer experience, drive engagement with our customers and build brand loyalty.

Our wholesale channel, representing the balancing 9% of Group revenue (2019: 12%), largely results from working with selected partners in smaller markets where we do not operate directly.

We are developing a market-leading approach to sustainability across our products, materials, supply chain and people. I am proud that Mulberry is now carbon neutral across all operations in the UK. Also, in 2020 we released our first 100% sustainable leather bag, the Portobello, which sold out online within 24 hours. For more detail see Mulberry Green, our responsibility commitments, on page 19.

COVID-19

COVID-19 has had a marked effect on our business and that of all global brands and retailers. International Mulberry stores started to close in mid-January 2020 and by the end of March 2020, we had closed 70% of our stores worldwide. The Group reacted swiftly to the impact of COVID-19 and we continue to execute a well-developed plan to manage capital, reduce costs and maintain a robust liquidity position. Whilst our digital sales performance has been good and we continued to operate successfully in all markets without interruption, it cannot fully offset the decrease in demand experienced during the period that stores were closed.

During the UK COVID-19 lockdown, which started in March 2020, we were delighted to be able to support our NHS: we used one of our Somerset-based factories to produce PPE gowns for our local NHS Trusts and frontline workers, producing over 15,000 reusable, machine-washable gowns. We also raised over £75,000 for the National Emergency Trust via our Coronavirus Appeal.

OUTLOOK

The outlook changed dramatically in the last quarter of the financial period under review. The immediate impact was a significant increase in digital sales, while the majority of our stores were closed.

It is clear that tourism in London and other capital cities will be non-existent for the foreseeable future and that offices in the main cities will remain closed, further reducing the potential footfall in these locations.

Our stores in China and South Korea re-opened in April 2020, followed by stores in Japan and Europe. In line with UK Government advice, we commenced a phased re-opening of our UK stores in June 2020. Detailed additional safety standards and procedures for our staff and customers are in place to allow our stores to operate safely. As expected, sales in our capital city stores such as Central London continue to be depressed while sales in regional cities have recovered more strongly, albeit trading below last period.

Throughout this entire period, our distribution centre in Somerset has remained open enabling the digital business to operate relatively normally. The team have done an outstanding job of dealing with the surge in digital demand. Our distribution centre is large enough for proper safety standards to have been put in place from the outset and we are fortunate that the incidence of COVID-19 in our part of Somerset has been extremely low.

Given the uncertainty as to the impact and duration of COVID-19 on the Group and the wider economy, and the consequential effect on demand, recovery in our overall sales levels will be gradual. In response to this, a number of key actions and strategic changes have been made including:

1. A digital off-price site was immediately established to replace lost sales from our outlet stores, which has been extremely successful.
2. The launch of a new global pricing strategy was brought forward and implemented with effect from April 2020. The new pricing applies the same retail price globally. Previously, in common with other luxury brands, prices outside Europe were higher. This appears to be contributing to the strong growth in Asian markets.
3. A cost reduction programme was implemented across the whole Group and included:
   - Reducing headcount by approximately 25%, completed 31 July 2020.
   - Renegotiating or terminating leases where possible.

The objective of this restructuring was to ensure that our cost base was in line with anticipated trading levels.

In tandem with these measures, the investment in the Group's subsidiaries in China, Korea and Japan, has made good progress and after two years of substantial cost and investment, these businesses are approaching break even.

In summary, the combination of these factors means that the Group has delivered an improved net operating performance in the first half to date and is expected to deliver improved results for the 52 weeks to 27 March 2021, unless there are further material disruptions due to COVID-19.

The Group started the period with net cash of £7.2m, has renegotiated its bank facilities with its main banker HSBC to extend the period and incorporate COVID-19 appropriate covenants. However, the Group continues to have net cash on hand and has not used the revolving credit facility at any point since the start of the new financial period. Further details regarding the bank facilities and their projected utilisation are found in the going concern statement on page 38.

In view of the complex pattern of trading, we show a more detailed unaudited sales analysis for the 26 weeks ended 26 September 2020:

	Quarter 1		Quarter 2		Period to date	
£'m	Sales	% Change	Sales	% Change	Sales	% Change
Digital	14.6	76%	8.9	59%	23.5	69%
Stores	5.5	-74%	13.8	-38%	19.3	-55%
Retail (omni-channel)	**20.1**	**-31%**	**22.7**	**-18%**	**42.8**	**-25%**
Wholesale and franchise	**1.7**	**-74%**	**4.1**	**-21%**	**5.8**	**-51%**
Group revenue	**21.8**	**-39%**	**26.8**	**-19%**	**48.6**	**-29%**

	Quarter 1		Quarter 2		Period to date	
£'m	Sales	% Change	Sales	% Change	Sales	% Change
Digital	11.5	83%	6.3	50%	17.8	70%
Stores	0.9	-94%	9.2	-43%	10.1	-68%
Wholesale and franchise	0.1	-95%	1.0	-17%	1.1	-65%
UK	**12.5**	**-46%**	**16.5**	**-23%**	**29.0**	**-35%**
Digital	1.2	100%	0.8	167%	2.0	122%
Stores	4.1	24%	3.4	3%	7.5	14%
Wholesale and franchise	0.2	-78%	0.3	-75%	0.5	-76%
Asia Pacific	**5.5**	**15%**	**4.5**	**-6%**	**10.0**	**4%**
Digital	1.9	36%	1.8	-64%	3.7	48%
Stores	0.5	-81%	1.2	-59%	1.7	-69%
Wholesale and franchise	1.4	-63%	2.8	0%	4.2	-36%
Rest of world	**3.8**	**-51%**	**5.8**	**-15%**	**9.6**	**-34%**
Group revenue	**21.8**	**-39%**	**26.8**	**-19%**	**48.6**	**-29%**

It is clear that the Group is benefiting from our long-term strategy of directly controlling our digital sales network and distribution system worldwide and the investment in our Asian business. In the light of the above, we remain confident in the strength of the Mulberry brand and our strategy over the longer term.

PROGRESS AGAINST OUR STRATEGY

Strategic pillar 1

Omni-channel distribution

Through our omni-channel distribution model, we aim to enhance our customers' experience and drive engagement. This includes developing our store network through selective store openings and closures, the continued roll-out of the new Mulberry store concept and further enhancements to our omni-channel approach, which allow customers to research, buy and return product anywhere across our stores and digital platforms. Our aim is to expand this across our global network over the coming period.

Our new Mulberry store concept features design elements that represent our distinctive British heritage and enables us to better display and promote our collections. The concept includes innovative customer-facing technology, creates more space and supports our omni-channel proposition. It has helped to elevate our brand position, with the new concept stores outperforming more traditional outlets. As at the period end, the new store concept had been implemented in 12 stores in the UK and 16 stores in international markets and we will continue our roll-out over the coming years. In addition, in the UK we extended our omni-channel proposition with the launch of same-day delivery in our standalone retail stores.

The store network at the period end was as follows:

Number of stores as at:	28 March 2020	30 March 2019	Total change (this period vs last period)
China, Hong Kong, Taiwan	8	7	+1
Japan	7	7	0
South Korea	17	18	–1
Total Asia Retail	**32**	**32**	**0**
Europe	6	7	–1
North America	7	7	0
Total International Retail	45	46	–1
Total International Franchise Partner	20	22	–2
Total International (Retail and Franchise Partner)	65	68	–3
Total UK Retail	54	55	–1
Total Group Retail	**99**	**101**	**–2**
Total Group (Retail and Franchise Partner)	**119**	**123**	**–4**

In the UK, we operated 54 retail stores at the period end, with 19 John Lewis concessions and 11 House of Fraser concessions. During the period, we further rebalanced the concession portfolio with the opening of four John Lewis locations and the closure of six House of Fraser locations. We will continue to manage the business proactively and focus on optimising the UK store network.

Digital sales now represent 24% of Group revenue (2019: 22%). This growth was partly due to building consumer confidence in online shopping for luxury goods, but also due to further enhancements in our market-leading digital platforms including better functionality, localisation and local fulfilment. Digital traffic increased in many markets as a result of our digital and social channel marketing activities, and customer database growth was up on the previous period across all key countries and regions.

In April 2019, we launched the Mulberry global digital store on Farfetch, the leading global technology platform for the luxury fashion industry. This partnering on a global concession basis enhances our direct-to-customer model and strengthens our international presence. Performance here has been strong with total sales outperforming our expectations. All Mulberry product groups are now available via Farfetch, with the range expanding each season.

Strategic pillar 2

International development

Sales generated from international markets have continued to grow as a proportion of overall Group sales and we expect this trend to continue as we grow brand awareness in Asia.

Local and digital marketing activities are starting to increase brand awareness across our regions. Our international store launches are celebrated through social media, increasing our reach with target audiences, and showcasing our luxury retail credentials.

South Korea: As part of our investment in Asia, Mulberry Korea became a wholly owned subsidiary during July 2019, following the purchase of the 40% that the Group did not already own. We continued to enhance our retail store network with the relocation of the Lotte Busan store, which included the new Mulberry store concept. In addition to continued investment in local marketing, new management were installed in Seoul and the Group merchandising systems were implemented,

North Asia: China, Hong Kong, Taiwan. Currently eight stores, the Chinese market is a target growth market. While progress in China and Taiwan has been promising, trading in Hong Kong was significantly affected by ongoing political disruption.

Japan: In August 2019 we held a successful immersive customer event, #MulberryxTokyo, featuring our 'My Local' tour series and taking inspiration from the British pub. This included accompanying musical and interactive events, a pop-up shop in Isetan Shinjuku with a limited edition bag and the launch of the Group's Japanese social media channel with LINE. Momentum has accelerated since then with particularly strong performance including the launch of a new soft bag, Iris.

Rest of world: We continue to refine our international presence and identify strategic growth opportunities. In the US, we have five stores including a new concept store opened in April 2019 in Rockefeller Centre, New York. We closed our store in Las Vegas in October 2019. Digital sales grew strongly in this region over the financial period. In Europe, and outside the UK, we continue to operate stores in Switzerland, Germany, the Netherlands and France. We closed our store in Vienna, Austria, in December 2019.

Strategic pillar 3

Constant innovation

During the period, we introduced a number of new bag families including the Millie, the Iris, and our first 100% sustainable bag the Portobello, which sold out globally online within the first 24 hours following its launch in December 2019. The M Collection, a new collection constructed with a sustainable jacquard fabric made from a blend of environmentally friendly Econyl (replacing virgin nylon) and Better Cotton Initiative (BCI) cotton, was launched at London Fashion Week in 2020.

Our mini bag range has performed particularly well, driven by the Small Darley and Small Darley Satchel. Across our lifestyle categories, eyewear and soft accessories continued to have strong sales.

Our collaborations with brands and celebrities continue. The Acne X Mulberry collaboration was launched in November 2019 with significant global media attention, increasing our brand awareness. The collection saw the two houses signature styles blended together, such as Acne's Musubi bag with its origami knot with Mulberry's iconic Bayswater.

In March 2020, model and celebrity Iris Law created a sell-out collection with her own take on her namesake Mulberry bag with a small tie dye collection, sold in our flagship Regent Street store. This collection was manufactured in our Artisan studios in Somerset.

Strategic pillar 4

Sustainable lifecycle

In 2019 we developed 'Mulberry Green', our approach to responsibility across sourcing, manufacturing, repairs, circular economy and people. We take responsibility seriously across the Group, from sourcing and manufacturing to innovation and marketing.

Mulberry products have been 'made to last' from the outset and we are committed to lifetime service for a Mulberry item. Our world-class Repair Centre in our Somerset HQ is a key feature in our journey towards a fully sustainable product and service offer. Our responsible approach is followed throughout our manufacturing processes and standards to ensure we uphold and protect our heritage in leather craftsmanship. We use innovative technology such as the latest digital cutting machines, which ensure improved utilisation and reduced waste on leather cutting.

We are proud that we received Zero Waste to Landfill certification in 2020 in the UK. The Woodland Trust issued us with a certificate stating that 26,700sqm of woodland (around 5½ football pitches) will be planted in the UK to offset our 2018/19 carbon footprint, achieving carbon neutrality for our UK operations.

Over 50% of our bags are made in the UK (other manufacturing areas include Europe and Asia) and last period 48% of our range used leather and suede that is traceable to the country of origin. Our global manufacturing partners follow strict ethical and environmental standards set out in our global sourcing principles and over 65% of leather in the collection is sourced from environmentally accredited tanneries and our target is to achieve 100% by 2022.

In December 2019, we joined the Better Cotton Initiative ("BCI"), the largest cotton sustainability programme in the world, as a Brand/Retailer member. Our target is for all cotton to be sustainably sourced by 2025 – recycled, organic or BCI. We also joined Textile Exchange's Sustainable Cotton Challenge.

In February 2020, we launched The Mulberry Exchange, offering a suite of new services that enable our customers to have their bags authenticated and appraised, with the opportunity to put this value towards a new purchase. This initiative got off to a strong start at London Fashion Week 2020 but was then affected by the COVID-19 lockdown. We are committed to this initiative and are very encouraged by the initial response from customers.

MARKETING AND BRAND

The Group continues to invest in bringing to life the brand's youthful British luxury positioning for a global audience, with a strong focus on its sector-leading responsibility mission.

Mulberry takes a 360-degree approach to its customer engagement strategy, targeting digital, fashion forward customers, and localising customer acquisition plans for priority markets, with a particular focus on Asia and the UK.

The Group invests strongly in social-first content storytelling, experiential event formats, innovative brand collaborations and digital media partnerships that enables the brand to connect directly with its target customers. This approach is underpinned by using the power of customer data and insight to unlock 1:1 personalised customer journeys and omni-channel clientelling services across the Group's predominantly direct-to-consumer retail network.

In June 2019, Mulberry launched its 'My Local' event series, inspired by the British pub which saw the brand hosting live music gigs across London pubs, with international pop-ups following in Seoul, Sydney and New York, and a four-day immersive brand experience in Tokyo complemented by the global launch of the new Iris range and a pop-up boutique in Isetan Shinjuku.

This was followed by the global launch of its friendship collaboration with Acne Studios in October 2019, which saw the two houses release a collection of leather goods that married Acne Studios' strong Swedish design ethos and celebrated the British heritage and modernity of Mulberry. The range was supported by a global influencer campaign and particularly well received across Asia.

The festive season saw the evolution of the annual #MulberryLights campaign brought to life via projections across the UK, and also the release of the Portobello Tote: Mulberry's first 100% sustainable leather bag, coinciding with the launch of our Mulberry Green responsibility charter, detailing our sustainability strategy and commitments.

In February 2020, the brand launched its 'Made to Last' campaign during London Fashion Week that brought customers further into the brand's sustainability efforts and our design and craft ethos. The three-day installation saw our carbon neutral Somerset factories transported to our Bond Street store where customers could see the 100% sustainable Portobello being made, complemented by a programme of live music, exclusive events, craft workshops and a pop-up café. The event also served as the launch of The Mulberry Exchange: a progressive new circular economy programme offering buy-back and resale of Mulberry bags.

FINANCIAL REVIEW

Results for the 52 weeks to 28 March 2020 were affected by the combined impact of a difficult UK sales environment, affected by Brexit-related political uncertainty, the consequential fall in consumer confidence and the market becoming increasingly promotion-led, as well as the impact of COVID-19 at the end of the period.

GROUP REVENUE AND GROSS PROFIT

Group revenue for the period was £149.3m (2019: £166.3m) and retail sales reduced 7%. As anticipated, wholesale sales reduced 24%, as the Group continues to focus on its direct-to-customer distribution model. Global digital sales decreased 2% during the period to £36.3m and now represent 24% of Group revenue (2019: 22%). Whilst progress achieved in Asia was encouraging, the UK and rest of world remained challenging.

The global COVID-19 pandemic started to affect Mulberry sales in Asia during January 2020, before affecting sales in European and US markets. Prior to this, we were on track to deliver a pre-tax profit in the second half of the 52 weeks to 28 March 2020, with growth in digital sales, as consumer confidence in shopping online for luxury goods climbed and sales in Asia increased.

£'m	2019/20	2018/19	% Change
Digital	36.3	36.9	-2%
Stores	89.1	97.9	-9%
Retail (omni-channel)	**125.4**	**134.8**	**-7%**
Wholesale and franchise	**23.9**	**31.5**	**-24%**
Group revenue	**149.3**	**166.3**	**-10%**

£'m	2019/20	2018/19	% Change
Digital	27.8	29.1	-4%
Stores	65.2	74.4	-12%
Wholesale and franchise	5.7	11.1	-49%
UK	**98.7**	**114.6**	**-14%**
Digital	2.4	1.7	41%
Stores	13.6	10.6	28%
Wholesale and franchise	5.4	6.3	-14%
Asia Pacific	**21.4**	**18.6**	**15%**
Digital	6.1	6.1	0%
Stores	10.3	12.9	-20%
Wholesale and franchise	12.8	14.1	-9%
Rest of World	**29.2**	**33.1**	**-12%**
Group revenue	**149.3**	**166.3**	**-10%**

* Regional splits include digital sales

International retail sales increased 4% to £32.4m (2019: £31.3m) representing 26% of retail revenue (2019: 23%). Asia Pacific retail sales increased 30%, driven by ongoing investment in this region, offset by a 14% decrease in rest of world retail sales, which included some store closures.

South Korea was a new retail territory following the creation of Mulberry Korea and the market's transition from a franchise arrangement during August 2018. During the period, the Group established a new local management team in Seoul, enhanced the store portfolio and invested further in targeted marketing activities. Progress in China and Taiwan has been promising during the period following the ongoing enhancement of the Group's retail, digital and omni-channel platform including the introduction of strategic digital partnerships including Tmall (Alibaba), Farfetch (global) and Secoo. Trading in the Group's two Hong Kong stores has been significantly affected by the ongoing disruption in the market. Whilst still a nascent market, Japan has started to deliver encouraging growth following the MulberryxTokyo event held during August 2019 with the accompanying pop-up shop in Isetan Shinjuku generating a strong uplift in sales. In other international markets, the Group continues to refine and enhance its presence.

Against the backdrop of a challenging retail environment and the impact of COVID-19 at the end of the period, the Group's UK Retail sales, including digital, decreased 10% to £93.0m. Digital sales increased as a proportion of retail sales, whilst store sales continue to be impacted by lower traffic.

Wholesale and franchise sales, as anticipated, decreased 24% to £23.9m (2019: £31.5m), reflecting the continued focus on the direct-to-customer model. International wholesale and franchise sales were £18.2m (2019: £20.4m), primarily reflecting the shift in South Korea sales from wholesale to retail during August 2018 as part of the creation of Mulberry Korea. UK wholesale sales were £5.7m (2019: £11.1m), primarily reflecting the conversion of John Lewis from wholesale to a concession model during November 2018.

Gross margin for the period was broadly maintained at 61.0% (2019: 61.5%).

OTHER OPERATING EXPENSES

Other operating expenses (net) decreased to £103.2m (2019: £107.4m). Underlying expenses reflected investment in the omni-channel distribution model in Asia, with the expansion and enhancement of the retail store network, and in the UK with the conversion of John Lewis to a concession and roll-out of the new store concept. The Group's UK business has experienced a sustained period of cost inflation during recent years.

LOSS BEFORE TAX

The Group's adjusted loss before tax for the period was £14.2m (2019: adjusted profit before tax £1.0m). The reported loss before tax for the period was £47.9m (2019: £5.0m). See notes 3 and 7 for further details of Alternative Performance Measures.

Adjusting items in the period amounted to £33.7m (2019: £6.0m) and are detailed below. The impairment charges related to retail property, plant and equipment of £7.1m and right-of-use assets of £24.9m, are largely due to the expected impact of COVID-19 on future trading. Property, plant and equipment and right-of-use assets are reviewed for impairment if there are indicators of impairment indicating that the carrying amount may not be recoverable.

	52 weeks ended 28 March 2020 (£'000)	53 weeks ended 30 March 2019 (£'000)
Restructuring costs	676	–
Store closure costs	886	–
Impairment charge related to retail property, plant and equipment	7,143	795
Impairment charge related to right-of-use assets	24,947	–
Bad debt and other expenses from House of Fraser administration	–	2,073
Write back of profit on reacquired stock and set up costs relating to conversion of John Lewis to concession	–	1,323
Launch costs relating to Mulberry Korea	–	1,821
Adjusting items	**33,652**	**6,012**

IFRS 16

During the period, the Group adopted IFRS 16 'Leases' for the first time. IFRS 16 specifies how to recognise, measure, present and disclose leases and replaces IAS 17 'Leases'. The Group adopted IFRS 16 from 31 March 2019 using a simplified modified retrospective transition approach, under which the comparative information presented for the 53 weeks ended 30 March 2019 has not been restated and therefore continues to be shown under IAS 17. Further information is provided in note 2.

An impairment analysis of the right-of-use assets was performed on transition, with a resulting impairment charge of £17.8m recognised against opening reserves as at 31 March 2019. A further impairment charge against the right-of-use assets of £24.9m was taken in the period, largely due to the expected impact of COVID-19 on future trading. See note 19 for further details.

TAXATION

The Group reported a tax credit for the period of £0.9m (2019: £0.2m), an effective tax rate of 2% (2019: 3%). The effective tax rate is lower than the UK tax rate for the period of 19% primarily due to not recognising deferred tax assets on all current period losses.

DIVIDENDS

Due to the impact of COVID-19 on the business, the Board has taken the decision that no dividend will be declared for the 52 weeks ended 28 March 2020 (2019: 5.0p per ordinary share) in order to maintain a robust liquidity position given the uncertainty and duration of COVID-19 and to reflect the use of the UK Coronavirus Job Retention Scheme.

CASH FLOW

The net decrease in cash and cash equivalents per the cash flow statement of £4.6m (2019: £13.1m) primarily reflected an increased operating loss, offset by lower working capital and capital expenditure.

Inventory reduced by 12% to £34.9m and reflects the Group's focus on an agile supply chain and inventory control. Capital expenditure during the period reduced to £6.8m (2019: £11.7m) and related to the opening and refurbishment of stores, further investment in digital, IT systems and the Group's factories.

BORROWING FACILITIES

The Group's net cash balance (comprising cash and cash equivalents, less overdrafts) at 28 March 2020 was £7.2m (2019: £11.1m). Since the period end, the Group has extended its revolving credit facility with HSBC until March 2022 and renegotiated banking covenants to reflect the current COVID-19 world. The £15.0m revolving credit facility is secured, and covenants are tested on a quarterly basis and contain a minimum 12-month rolling EBITDA target and a maximum net debt target. Covenants are tested on a 'frozen GAAP' basis and exclude the impact of IFRS 16. In addition, the Group has a £4.0m overdraft facility and a further USD1.9m overdraft facility in China, which are renewed annually. Further details regarding the bank facilities and their projected utilisation are found in the Going Concern statement on page 38.

CORPORATE SOCIAL RESPONSIBILITY – MULBERRY GREEN

Mulberry Green is our signature brand colour and the name we give to our responsibility commitments. This is also our Corporate Social Responsibility report for the 52 weeks to 28 March 2020. Our approach is based on a simple principle; that Mulberry will make a positive difference to its people, the environment and the communities in which we work. Employees are actively encouraged to find new ways of meeting our wider responsibilities. We are proud of our achievements in sustainability and have set ambitious targets for the Group going forward. Our UK Greenhouse Gas Emissions and Energy use data is discussed on page 43.

SOURCING

- Our overarching aim is to work towards the sustainable sourcing of all raw materials used in the production of Mulberry goods.
- All of our leathers are a bi-product of food production and sourced to meet our high ethical standards, with most coming from Europe.
- For the period ended 28 March 2020, 65% (2019: 35%) of leather in the collection was sourced from environmentally accredited tanneries – our target is to hit 100% by 2022.
- For the period ended 28 March 2020, 48% (2019: 38%) of our range used leather and suede that is traceable to the country of origin – our target is 100% by late 2023.
- Animal welfare – we are committed to ethical practices and traceability in our leather and do not use fur or exotic skins.

MANUFACTURING

- Our overarching aim is to achieve a year-on-year improvement in our sustainability metrics within our supply chain.
- We are committed to producing at least 50% of our leather bags in the UK.
- Our UK operations became carbon neutral in 2019.
- We ensure our global partners and suppliers uphold our high ethical and environmental standards set out in our Global Sourcing Principles.
- For the period ended 28 March 2020, 44% (2019: 44%) of our customer-facing packaging was kerbside recyclable – our target is 100% by 2021.

REPAIRS

- Our overarching goal is to move towards a fully sustainable product and service offer.
- Our world-class Repairs Centre repairs thousands of bags each year.
- We hold an archive of components and materials going back 35 years and continue to enhance our service offer.
- Committed to finding an end-of-life solution for all of our products.

CIRCULAR ECONOMY

- We launched our circular economy programme 'The Mulberry Exchange' at London Fashion Week in February 2020, allowing customers to buy and sell pre-loved Mulberry items.
- Climate change – we invest in the latest technologies to help reduce energy consumption and our impact on the environment. We source purchases from sustainable or renewable sources wherever possible.
- Reducing waste – there is a continuous process at Mulberry to identify ways to reduce waste, as well as recycling as much material as possible from our UK sites, especially to community arts and crafts groups.

PEOPLE

- Continue to support our apprenticeship scheme, which has now seen over 100 apprentices complete the government-approved Leather Goods Manufacturing qualification.
- We believe in driving a positive culture through our employee values: Be Open, Be Bold, Be Imaginative, Be Responsible.
- We support our local communities through partnerships with charities and volunteering schemes.

OUR STAKEHOLDERS

We believe that considering our stakeholders when making key business decisions is not only the right thing to do, but is fundamental to progressing our strategy to build Mulberry as a sustainable global luxury brand. We place huge importance on working constructively and in partnership with all our stakeholders to create value to benefit them all. We directly engage and communicate with our shareholders, employees, customers, suppliers, partners and communities so they understand our long-term strategy and can voice any concerns. It is a two-way conversation. More detail is available in the Strategic report on pages 8 to 31, and the Directors' report on pages 38 to 44.

The Directors are bound by fiduciary duties under the Companies Act 2006 (the "Act") and the manner in which these duties have been discharged, particularly to promote the success of the Company for the benefit of its members as a whole, forms a core theme of this report. This section comprises our Section 172 statement, setting out how the Directors have, in performing their duties over the course of the period, had regard to the matters set out in Section 172(1) (a) to (f) of the Act.

SHAREHOLDERS

We have regular, clear, and effective communication with our existing and potential new shareholders to enable them to understand our business and strategy to deliver long-term shareholder value. Engagement takes a variety of forms, including investor meetings, trading updates, our investor relations website and Annual General Meetings. Our majority shareholder, Challice Limited, has non-executive board representation which provides direct stakeholder input into executive decision making.

During the period ended 28 March 2020, we engaged with shareholders on a range of topics, including business strategy, financial results, business performance and our initial response to the impact of COVID-19. We have also updated the investor relations section of our website to ensure that we are communicating the business strategy and performance clearly. Feedback from our shareholder communications efforts feeds into the Directors considerations for effective ongoing investor relations.

Since the start of the current financial period, we have engaged with shareholders regarding our plans to manage the impact of COVID-19 and the phased re-opening of our stores post lockdown.

EMPLOYEES

The Directors recognise that engaged and motivated employees are critical to deliver our strategic aims and understand that they are responsible for their professional development and happiness at work. We work hard to directly engage with employees, so they are engaged with the Company and understand our business strategy. As at 28 March 2020, we employed 1,393 people globally (2019: 1,449) with 1,150 based in the UK (2019: 1,195).

We keep an open and constructive dialogue with our teams throughout the year, including employee forums at all levels and an annual engagement survey. Employee engagement surveys have resulted in the development of key action plans to address a number of focus areas. Following our last survey, which concluded in September 2019, we introduced 'town hall' communication sessions at our key locations in order to improve communication across the Group, more flexibility in working hours and other changes to the working environment to improve employee wellbeing and productivity. A second survey was carried out in March 2020, the results of which are currently being considered and will be used to drive further change.

Since the onset of COVID-19, we have actively engaged with our employees regarding our response to it, especially while a significant number have been on furlough or working remotely. During the UK lockdown, 73% of our UK employees were on furlough, the majority of whom are employed in our stores and factories.

We are proud of our diverse workforce and believe fair and equal reward is vital to our success as an international luxury brand. Full details of our gender pay report for the period under review can be found on our website. We hold regular reviews of remuneration packages (including long-term incentive schemes) and succession planning within the management team.

We offer training and development to enable everyone to reach their potential and we ensure equality of opportunities for promotion and progression. A system to identify and support high-potential individuals commenced in March 2020, with a Leadership Development Programme to engage and equip future leaders. Our apprenticeship scheme has now seen over 100 apprentices complete the government-approved Leather Goods Manufacturing qualification.

Our Company values help us articulate the way we want to work and the culture we need to succeed.

- Be Open
- Be Bold
- Be Imaginative
- Be Responsible

CUSTOMERS

Our direct-to-customer distribution model enables us to enhance the customer experience, drive engagement with our customers and build brand loyalty. This is explained further in the Strategic report on pages 8 to 31.

We use data-driven insights and customer research to generate in-depth awareness of our global customers and their buying habits. Through our brand research project, which measured March 2018 against March 2020, we know that sustainability resonates strongly with global luxury leather goods buyers, particularly in Asia, who are keen to buy from brands with strong ethical credentials.

We engage with our customers in store, through our digital channels and through events, including the 'My Local' event series, designed to build brand awareness amongst the younger fashion forward urban audience, and the immersive 'Made to Last' installation in Bond Street, designed to bring our responsibility commitments, craft and design ethos to life.

Our customer services team is available 24 hours a day, 7 days a week, to deal with general or online enquiries and offer gifting advice. Information regarding how our operations are affected by COVID-19 is also available on our website, mulberry.com.

SUPPLIERS

The Directors recognise the key role that suppliers play in providing us with quality goods and services.

Over 50% (2019: 55%) of our bags are made in our UK factories. For our finished goods, hardware and raw material suppliers, we aim to balance the establishment of long-term, mutually beneficial relationships while ensuring that we optimise cost and manage risk through dual sourcing. Maintaining a high level of product quality is critical and this takes several years to establish with a new supplier through both their technical development process and production capability. Our UK based sourcing team speak to our suppliers weekly, we review performance monthly and we have Mulberry employees permanently based in key factories with a primary focus on quality assurance and control. During the period ended 28 March 2020, one of the key discussion points was Brexit, the implications arising from this and actions to minimise disruption to the supply chain. Our suppliers are based in the UK, Europe and Asia.

Since the onset of COVID-19, we have increased our communication and review processes with our key suppliers to ensure transparency over their forward capacity. Our suppliers have been affected to various degrees by the crisis, necessitating more frequent contact with both the supplier teams and owners. They have collaborated closely with us when considering and implementing their own restructuring plans.

We ensure by way of regular audits that suppliers adhere to the Mulberry Global Sourcing Principles, requiring a suitable environment for their workers, including working hours and child labour provisions. Under the UK Modern Slavery Act, UK companies with a turnover of more than £36m are obliged to publish an annual Slavery and Human Trafficking statement, which can be found on our website, mulberry.com.

PARTNERS

Our franchise partners play an important part in driving growth in their respective regions. We leverage their expertise, typically through their local knowledge and relationships, to support the Board to make the right decisions. We also ensure that they understand our strategy and values in order that these are implemented locally. We communicate with our partners on a weekly basis to discuss trading and other matters, including the ongoing impact of COVID-19 and have regular board meetings with our partners.

COMMUNITIES AND ENVIRONMENT

We actively donate money, product and support to charities in our local communities (2019: £119,000). Each year two charities of the year are selected by employees for the Group to support. For the period under review these were Grief Encounter (South West) who support bereaved children and their families to help alleviate the pain caused by the death of someone close, and Coppafeel!, the first breast cancer charity in the UK to solely create awareness amongst young people, educating them on the signs and symptoms of breast cancer. A team of ten Mulberry employees received £1,000 seed funding from The Prince's Trust that over the course of six months they had to turn into £10,000 with fundraising activities. The team worked together to exceed this target and won the South West region prize as top fundraiser.

As a response to the COVID-19 pandemic, our UK production teams adapted their skills and knowledge of leather goods and began crafting PPE gowns to supply to healthcare and frontline workers around the UK. Each gown was manufactured to industry standards, with specially sourced material, which is fluid resistant and washable to ensure they can be used safely multiple times. In total, over 15,000 gowns were made by our own craftspeople in Somerset, and more than 3,000 of them were donated for free.

Mulberry has also raised over £75,000 via its Coronavirus Appeal in support of the National Emergencies Trust. All funds raised will be distributed by the National Emergencies Trust to local UK charities and support groups, who can most effectively and efficiently support communities and individuals in need.

Mulberry Green is the name we give to our responsibility commitments. These focus on key areas of our business including sourcing, manufacturing, selling and repairs. Our overarching goal is to move towards a fully sustainable product and service offer. We are proud of our achievements in sustainability so far and have set ambitious targets for the Group going forward. For more information on Mulberry Green see page 19.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Group's growth strategies are subject to a number of risks and uncertainties that could adversely affect the Group's future development. The principal risks are uncertainties for the Group, and the key mitigating actions used to address them, together with an indicator of the Board's assessment regarding the change in risk level from the prior period are outlined below. The risks have been listed in descending order of level of assessed risk.

Risk	Change in risk level from prior period	Potential impact	Mitigation
COVID-19			
The uncertainty as to the impact and duration of COVID-19 on the Group and the wider economy.	New	The impact of further lockdowns due to a second wave of COVID-19 and the potential impact on the business. The impact on the wider economy and the consequential effect on demand. There is not sufficient liquidity to manage operations and meet liabilities as they fall due. The impact of lower tourist footfall due to travel restrictions. The health and safety of our people and customers. The impact on our supply chain in the UK and overseas.	The Group's response is being managed through four key workstreams (Trading, People, Property and Inventory), led by the Management Board. Trading initiatives have been actioned to ensure we optimise digital revenue while stores remain in lockdown. The Group has completed detailed scenario planning to understand the extent to which the Group could withstand a loss of revenue within the limits of its available financial resources. Mitigating actions (see page 38) have been put in place to ensure our cost base reflects these anticipated revenue levels. The Group's strong digital channel and international presence outside will offset, in part, the potential loss of international spend. Detailed additional safety standards and procedures have been put in place to allow our stores to operate safely. Our employees are homeworking where possible, using technology to ensure we continue to manage the business. We continue to monitor our supply chain to ensure it remains operational, including the supply of raw materials.

Risk	Change in risk level from prior period	Potential impact	Mitigation
Cash and credit risk			
The management of cash is of fundamental importance in ensuring the Group's ability to pay its ongoing commitments to suppliers and employees. A downturn in trade or a delay or default in payment from a debtor may significantly impact the Group's cash balances.	Increased	In the event of a significant downturn in trading or the effects of seasonality, the Group's cash facilities may be insufficient. If wholesale or concession debtors default on payment terms, this would impact further on the Group's cash reserves.	The Group performs regular cash forecast analysis to manage working capital requirements. The Group has a £15.0 million revolving credit facility in place with HSBC until 31 March 2022, in addition to a £4.0 million multicurrency overdraft facility in place until May 2021. Appropriate credit limits are set and continually reviewed and escalated for Board approval where appropriate.
Domestic and global economic climate			
The Group may be impacted by a downturn in the UK or the wider global economic climate.	Increased	Significant Mulberry revenue is generated in the UK and, as has been widely reported, the UK retail environment remains challenging. The Group's UK business is subject to a decline in consumer confidence and demand, together with lower tourist footfall, which has reduced spending on luxury goods.	The Group's strategy to increase the proportion of sales from international markets is expected to reduce this risk over time. The Group's strong digital channel and omni-channel capability will offset, in part, softer physical store revenues. The Group continues to optimise the UK store network through selective openings and closures in order to manage the ongoing shift to online shopping.
Global Chinese consumer spending			
With an element of Group revenue derived from global Chinese consumer spending, any change in Chinese consumer spending habits, or the economic, political or regulatory environment in China could have a detrimental impact on Chinese consumer confidence and ultimately on volume of sales.	Increased	Mulberry's strategy to expand internationally, especially in Asia, both reduces risk from over-dependence on the domestic market, as well as exposing it to an increase in tolerated level of risk, particularly in China, where potential growth rates are perceived to be highest.	The Group is continuing to strengthen its local senior management in Asia, in addition to recently investing in new store openings in China. Store leases in China are generally relatively short (two to three years), which limits commitments to long-term lease liabilities in the event that store locations need to be reviewed or changed in due course.

Risk	Change in risk level from prior period	Potential impact	Mitigation
International subsidiaries			
With the strategic goal of international expansion, there is a risk that subsidiaries in new markets will not develop in line with expectations.	Increased	Should subsidiaries in international markets not grow in line with plans, this would impact on profitability and may represent a draw on cash reserves. Failure to generate anticipated revenue could result in impairment of fixed asset values.	Management performs pre-transaction due diligence and prepares and maintains a comprehensive business plan for each individual market. Financial performance is closely monitored by senior management each month, to ensure that financial and operational plans are adapted, and sufficient funding is in place to maintain adequate working capital.
Brexit implications			
Until clear proposals with regard to transitional rules and the terms of an exit plan are announced by the UK Government, there is significant uncertainty about the longer-term implications of Brexit for the Group.	Unchanged	Employees: The Group has a dedicated and talented workforce, some of whom are EEA nationals working across different business areas. Their ability to work in the UK could be impacted if there are any post-Brexit restrictions on the ability of EEA nationals to work in the UK. Supply chain: Mulberry imports a significant proportion of its raw materials from the EU, and If import tariffs are introduced, cost prices will increase and, if border checks cause delays to these imports, this could cause disruption to the supply chain, the UK manufacturing base, and ultimately to sales to customers. Due to the lead times and seasonality of leather and other components, it is not possible to create significant buffers of certain core raw materials. Higher tariffs or other trade barriers would increase our cost base and potentially reduce our competitiveness.	The economic implications resulting from the impact of Brexit are largely beyond the control of the Group. A Brexit readiness committee has been in place since 2016, to prepare the Group for the post-Brexit economic arrangements, which continues to closely monitor the legal and political developments in the process by maintaining an open dialogue regarding the impact of Brexit with key suppliers, stakeholders and professional advisers. The Group has significant inventory to meet immediate commercial requirements and the agile supply chain in operation at Mulberry is designed to provide reactivity for a number of scenarios. The Group is currently undertaking a feasibility study regarding the potential implementation of introduction of customs special procedures including bonded warehousing and inward processing relief arrangements, which would minimise the cost of increased tariffs. The Board has assessed the potential worst case impact of Brexit on its profitability and cash flow forecasts and concluded that this did not change the appropriateness of preparing the financial statements on a going concern basis (period ending March 2021: £0.4m), period ending March 2022: £1.5m).

Risk	Change in risk level from prior period	Potential impact	Mitigation
Brand and reputational risk			
Careful safeguarding of brand reputation is key to maintaining brand position, which could be undermined by actions of supply chain or other partners. Reputational risk may also arise from external social media networks.	Unchanged	Negative publicity could arise in the event of an unfavourable incident or unethical behaviour relating to a celebrity, influencer or collaborator associated with Mulberry, any of its senior executives, or via external social media networks. A deterioration in brand position would lead to a loss of customers, which would negatively impact sales and profits.	The Group makes ongoing investment into product development, marketing, retail estate and the consumer experience. These are all key to maintaining brand position, along with the opening of flagship stores in strategic global locations and maintaining strong relations with customers. New partners with whom we do business are subject to appropriate due diligence to assess suitability and new suppliers must adhere to Mulberry's Global Sourcing Principles.
Competitive risk			
Competitive pressures, changes in luxury fashion trends, and hence consumer demand, are continuing risks. The Group operates in the luxury fashion sector and is subject to a risk of change in fashions and demand for its products.	Unchanged	There is risk of potential deterioration in the Group's luxury brand position compared to competitors, and difficulty in establishing brand awareness in new markets.	Careful monitoring of consumer trends and market awareness are key to Mulberry's ability to react to changes in consumer preference. Investment in appropriate and relevant marketing to reinforce brand awareness is a strategic priority, especially in new markets. Investment in innovative product design to maintain relevance to customers is key. Mulberry has been successful in introducing product tailored to Asian markets, to particular price points, and in response to consumer demand for sustainability in its offering.
Currency risk			
The Group's sales and purchases are made in Sterling, Euros and US Dollars and, therefore, it is exposed to fluctuations in these exchange rates. Ineffective hedging arrangements may not fully mitigate foreign exchange losses, or may increase them.	Unchanged	If Sterling weakens against the Euro and US Dollar there is a consequent increase in raw materials bought in foreign currency, which increases cost of sales. However, revenues earned in foreign currency also appreciate when Sterling weakens from revaluation gain creating some natural currency hedge.	The Group's Treasury Committee manages its Treasury policy which incorporates a hedging strategy to reduce the risk of exchange rate volatility. The policy is reviewed periodically to optimise hedging efficiency and ensure compliance with best practice.

Risk	Change in risk level from prior period	Potential impact	Mitigation
Management of operating costs The Group has experienced a sustained period of rising costs over the last five years, particularly in the UK, due to increased rent and business rates. This is in addition to the introduction of the apprenticeship levy, statutory pension costs and adverse exchange differences.	Increased	If cost increases exceed revenue growth, this will impact on cash, profitability and the Group's ability to fund continued international expansion.	Whilst trading remains challenging, management of operating costs is a key focus to maximise financial performance. The Group continually reviews costs to operate as efficiently as possible. The store portfolio is regularly appraised to ensure profitability is maintained, and where necessary, stores may be closed. Where effective cost savings are identified, these have been and will continue to be executed.
Retention and engagement of staff The Group's success is dependent to a certain extent on the continued services of its Directors and senior management, as well as its ability to attract and retain an engaged workforce.	Unchanged	Loss of key members of the senior management team or other qualified employees could be detrimental to the business. Failure to equip or engage our teams to deliver our strategy may result in failure to meet our objectives and in increased recruitment costs.	This is mitigated by regular reviews of remuneration packages (including long-term incentive schemes) and succession planning within the management team. Employee engagement surveys have resulted in the development of key action plans to address a number of focus areas, in addition to the introduction of a training programme to roll out key employee values. A second survey was carried out in March 2020, the results of which will be used to drive further change. A system to identify and support high-potential individuals was initiated during the period, with a Leadership Development Programme launched to engage and equip future leaders.

Risk	Change in risk level from prior period	Potential impact	Mitigation
Information technology ("IT")			
The integrity and integration of the Group's IT systems and operational infrastructure is critical to its trading and operations. Maintaining investment in the latest customer focused technologies to improve customer experience is a continuing risk.	Unchanged	There is a risk that the business's ability to sell and deliver its products would be adversely impacted in the event of a significant IT failure or failure to maintain stable and resilient technology platforms. Failure to implement innovative technology that meets ever-increasing customer demand could lead to loss of revenue and damage perception of the brand.	The IT function has been strengthened with the appointment of a new Technology and Customer Experience Director, together with increased resource in the IT department. The Group continually reviews its IT and systems capabilities to maintain the integrity and reliability of its business. A number of controls are in place to maintain business continuity which would be implemented in the event of a major failure. For further details, see Internal financial control section on page 33.
Cyber security and General Data Protection Regulation ("GDPR")			
All business sectors are at risk of increasingly sophisticated cyber security attacks. Increased use of mobile and digital sales channels, together with marketing via social media, result in large amounts of customer data being gathered. The risk of unauthorised access to or loss of data, including data held in respect of employees and customers, is growing.	Increased	Cyber-crime represents an increasing risk through threat of deletion, theft, disruption or integrity of data, which could also result in reputational damage. A failure to comply with GDPR, which came into effect in May 2018, could result in penalties and have an adverse impact on consumer confidence in the Group.	IT security is continually reviewed and updated. Networks are protected by firewalls and anti-virus protection. Threat detection systems are in place across the Group. Vigilance and security improvements must be maintained to ensure these are up to date and best practice. A new senior role was created in 2019 to focus solely on infrastructure and security.

Risk	Change in risk level from prior period	Potential impact	Mitigation
UK production			
The proportion of products being made in Mulberry's own UK-based factories has increased to 50% over the past five years.	Unchanged	There is a risk that the Group gross margin may be diluted due to currency risk and the higher relative cost of UK manufacturing.	Factory efficiency is monitored on a weekly basis and production techniques are continually reviewed and refined to ensure we are creating quality products in an efficient manner, and by assessing whether to manufacture product internally or externally.
Business interruption			
A major incident including fire, flood, terrorism, near to one of the Group's offices, production facilities, warehouses or key suppliers could seriously affect the Group's operations. A health pandemic, as evidenced by the recent COVID-19 outbreak, would have a significant impact on our ability to continue to operate as usual.	Increased	This may lead to a significant fall in footfall, or potential closure of a store, or a loss of IT systems.	The Group has developed a business continuity plan in addition to appropriate protection of IT systems to mitigate any impact, as well as making sure that adequate business insurance is in place. A COVID-19 cross-functional committee has been implemented to regularly update the business on how to limit the impact on business continuity wherever possible, including sourcing alternative supply chains, plans for travel restrictions and making appropriate changes to working arrangements wherever practical.
Intellectual property			
As with all brands, the Group is exposed to risk from unauthorised use of the Group's trademarks and other intellectual property ("IP").	Unchanged	Any infringement of the Group's IP could lead to a loss of profits and have a negative impact on image.	Trademarks are registered and where any infringements are identified, appropriate legal action is taken.

Risk	Change in risk level from prior period	Potential impact	Mitigation
Sustainability and climate change			
Mulberry's long-term success and viability will depend on the social and environmental sustainability of its business model, the resilience of its supply chain and our ability to manage the impact of climate change across our operations. The Group has long been committed to sustainability in its supply chain and manufacturing processes and in 2020 set increasingly ambitious sustainability targets.	Increased	Leather is a key raw material, which is sourced as a by-product of agriculture. Resource scarcity resulting from increase in plant-based diets, together with increased regulation or more stringent environmental standards, could adversely affect both consumer demand for leather goods and increase raw material and production costs. Manufacturing processes, especially around the tanning of leather, utilise chemicals, energy and water, and which require careful scrutiny to ensure Mulberry's high ethical standards are not breached.	Mulberry has been a member of the internationally recognised Leather Working Group since 2012. All of the leathers used in our collections are a by-product of food production and a natural alternative to fossil fuel synthetics. All leather is sourced to meet our high ethical standards, with most coming from the EU. The Leather Working Group's objective is to provide Environmental Stewardship for the leather industry by developing and maintaining protocols that assess the environmental compliance of tannery operations. Mulberry is a member of the Animal Welfare Group (AWG), a subgroup of the Leather Working Group (LWG), whose principal objective is to provide education and information to its members on the salient aspects of livestock and animal welfare within the leather value chain. The purpose of the group is to support members to make informed decisions in relation to the issue of animal welfare. Established in 2016, the AWG abides by the LWG's articles of association. For Spring/Summer 2020, 65% of the leathers were sourced from tanneries with environmental accreditation and our phase 1 target is to source 100% of our leather from gold, silver or bronze LWG-accredited tanneries by Autumn/Winter 2021. For Spring/Summer 2020, 48% of our range used leather and suede that is traceable to the country origin, and our phase 1 target is to achieve 100% traceability by Autumn/Winter 2021. In 2019, our two UK factories achieved carbon neutrality and we partnered with a Zero Waste to Landfill waste service provider. Our target is to achieve global carbon neutrality by 2025. Mulberry has recently launched products using recycled thread and econyl fabric to diversify raw material into other environmentally sustainable sources.

Risk	Change in risk level from prior period	Potential impact	Mitigation
Leasing retail space and long-term leases Mulberry leases the majority of its retail stores under long-term, non-cancellable leases, which usually have initial terms ranging from five to ten years, with the option to renew. Only a minority of leases have a break clause exercisable at our option during the lease term. Generally, our leases also require us to pay our proportionate share of the cost of insurance, property taxes, maintenance and utilities. Payments under these operating leases account for a significant portion of our operating costs.	Increased	If we determine that it is no longer economically viable to operate a retail store subject to a lease and decide to close we may remain obligated under the applicable lease for, among other things, payment of the base rent for the balance of the lease term. In some instances, we may be unable to close an underperforming retail store due to continuous operation clauses in our lease agreements. In addition, as each of our leases expire, we may be unable to negotiate renewals, either on commercially acceptable terms or at all, which could cause us to close retail stores in desirable locations. Our inability to secure desirable retail space or favourable lease terms could impact our ability to grow. Likewise, our obligation to continue to make lease payments in respect of leases for unprofitable retail spaces could have an adverse effect on our business, financial condition and results of operation.	The Board continually monitors the profitability of the store portfolio to assess ongoing viability. We recognise that consumer shopping behaviour continues to evolve, and Mulberry strives to accommodate this through its omni-channel proposition, which bridges the gap between online and offline shopping. Our investment appraisal process is designed to ensure resilience in the profitability of potential lease commitments by sensitising revenue projections to reflect a potential downturn in trade. As lease costs increase, Mulberry is increasingly opting for shorter, more flexible leases wherever possible, including concessions. This is in addition to trialling pop-up concepts at new locations before making longer-term commitments.

The Strategic report was approved by the Board of Directors and authorised for issue on 5 October 2020.

Thierry Andretta
Chief Executive

CORPORATE GOVERNANCE

The Company is listed on the Alternative Investment Market ("AIM"). In accordance with the AIM rules for companies and their requirement to adopt a recognised corporate governance code, the Board has adopted the Quoted Companies Alliance Corporate Governance Code (the "Code"). The Code is based on ten principles, aimed at delivering growth, maintaining a dynamic management framework and building trust.

Further details can be found online at mulberry.com.

THE BOARD OF DIRECTORS

The Board comprises two Executive Directors and six Non-Executive Directors. Thierry Andretta acts as Chief Executive, Charles Anderson as Group Finance Director and Godfrey Davis acts as Non-Executive Chairman.

The Directors consider it important that the Board should include Non-Executive Directors who bring considerable knowledge and experience to the Board's deliberations. The Board meets formally on a bi-monthly basis and is responsible inter alia for overall Group strategy, investments and capital projects, and for ensuring that an appropriate framework of internal control is in place throughout the Group.

At the start of the COVID-19 crisis, the Board met every two weeks, using virtual meetings to protect participants and avoid travel, to monitor the performance of the business and the rapidly evolving strategic changes being implemented by the executive team. Once the key actions and decisions had been made, the Board continued to meet monthly to monitor progress and support the executive team.

The Executive Directors are each employed under a contract of employment, which can be terminated with 12 months' notice. The Non-Executive Directors provide their services under 12-month agreements renewed annually on 1 April.

During the period, the Chairman conducted a survey of all Board members to evaluate the effectiveness and processes of the Board. This did not identify any significant issues but there were refinements and recommendations arising which were implemented.

NOMINATIONS AND REMUNERATION COMMITTEE

Details of the composition and role of the Nominations and Remuneration Committee are provided in the separate Directors' remuneration report.

AUDIT COMMITTEE

The Audit Committee was chaired throughout the period by Steven Grapstein. The other members of the Committee were Chris Roberts and Christophe Cornu.

During the period, all Directors have been encouraged to attend Audit Committee meetings where possible as part of the programme to maintain the Group's systems of internal control. The Committee may examine any matters relating to the financial affairs of the Group. This includes the review of the annual financial statements, the interim financial statements and other financial announcements, prior to their approval by the Board, together with accounting policies and compliance with accounting standards, and of internal control procedures and monthly financial reporting, and other related functions as the Committee may require.

The Non Executive Directors have access to the Group's auditor and legal advisers at any time without the Executive Directors being present.

In line with governance best practice, the Committee have commenced a competitive audit tender process, which will be concluded in advance of the General Meeting on 17 November 2020.

INTERNAL FINANCIAL CONTROL

The Board has overall responsibility for the Group's systems of internal financial control and for monitoring their effectiveness. As part of the prior years and current year audits, a number of control observations were raised by the external auditor in respect of improvements to the cash flow forecasting model, impairment of non-current assets, adoption of IFRS 16 Leases, oversight of overseas locations, controls around the posting of manual journals, review processes and entity level controls. In addition, a number of points were raised in respect of IT controls. Whilst some progress has been noted by the external auditor during the current-year audit, it is recognised that work is still ongoing. The Board have commenced a business systems review and a review of its financial processes and controls. In the current period, remedial actions will be taken to ensure that the business systems and corresponding financial processes and controls are appropriate and are also able to support the international development of the Group.

The Audit Committee will continuously monitor the progress and effectiveness of the business systems and financial processes review and will oversee actions taken to remediate the control observations raised by the external auditor during their audit of the period ended 28 March 2020 financial statements.

The Directors place considerable importance on maintaining full control and direction over appropriate strategic, financial, organisational and compliance issues, and have put in place an organisational structure with formally defined lines of responsibility and delegation of authority. Any system of internal financial control is designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

There are established procedures for business planning, for information and reporting and for monitoring the Group's business and its performance. Adherence to specified procedures is required at all times and the Board actively promotes a culture of quality and integrity. Compliance is monitored by the Directors. This includes comprehensive budgeting systems with an annual budget approved by the Board, monthly consideration of actual operational results compared with budgets, forecasts and regular reviews by the Board of period end forecasts. The Board reports to shareholders half yearly.

The Group's control systems address key business and financial risks. Matters arising are reviewed on a regular basis. Performance indicators are reviewed at least monthly to assess progress towards objectives. Variances from approved plans are followed up vigorously.

DIRECTORS' REMUNERATION REPORT

Mulberry Group plc is listed on the Alternative Investment Market (AIM) and therefore is not required to prepare a Directors' remuneration report. The following narrative disclosures are prepared on a voluntary basis and are not subject to audit.

At the period end, the Nominations and Remuneration Committee comprised:

Chris Roberts (Chairman and Non-Executive Director);

Melissa Ong (Non-Executive Director); and

Julie Gilhart (Non-Executive Director).

The Committee is responsible for nominating Directors to the Board and then determining the remuneration and terms and conditions of employment of Directors and senior employees of the Group.

The Committee meets at least once a year in order to consider and sets the annual salaries and performance incentives for Executive Directors and senior management, including grants of share options and bonus schemes. Executive Directors' salaries are reviewed annually each year, along with the remuneration of all other Group employees.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors each receive a fee for their services, which is agreed by the Board taking into account the role to be undertaken. They do not receive any pension or other benefits from the Company apart from a small allowance of Mulberry products, nor do they participate in any of the equity or bonus schemes. As an exception, on becoming Non-Executive Chairman in June 2012, Godfrey Davis retained his vested and unvested options and share awards as they were granted to him whilst he was Chief Executive.

The Non-Executive Directors are appointed for a 12-month term.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

The Company's remuneration policy for Executive Directors considers a number of factors and is designed to:

- have regard to the Director's experience and the nature and complexity of their work in order to pay a competitive salary, consistent to comparable companies, that attracts and retains Directors of the highest quality;
- reflect the Director's personal performance;
- link individual remuneration packages to the Group's long-term performance and continued success of the Group through the award of annual bonuses and share-based incentive schemes;
- provide post-retirement benefits through contributions to an individual's pension schemes; and
- provide employment-related benefits including the provision of a company car or cash alternative, life assurance, insurance relating to the Director's duties, housing allowance, medical insurance and permanent health insurance.

SALARIES, BONUSES AND OTHER INCENTIVE SCHEMES

Each Executive Director receives a base salary, the opportunity to earn an annual bonus and a long-term incentive. Typically, the annual bonus will not exceed 100% of the annual salary.

There are four long-term incentive arrangements. These are as follows:

An Unapproved Share Option Scheme, which was introduced in April 2008. Options granted in this scheme typically vest after three years.

A Deferred Bonus Plan, which represents a long-term award scheme where participants receive all or part of their annual bonus in shares. These shares are held as deferred shares in the Mulberry Group plc Employee Share Trust for a vesting period of two years. Matching shares are then granted and vest after a period of two years, conditional upon the participant remaining an employee of the Group and the original deferred shares remaining in the Trust. There were no granted, lapsed or exercised share options under this Plan during the year.

A Co-ownership Equity Incentive Plan, where participants are granted an interest in shares that are co-owned by the Mulberry Group plc Employee Share Trust, and participate in the value to the extent that the Mulberry share price exceeds 20% above the market price at the date of grant. The vesting period is generally three years, after which the employee has the right to sell the beneficial interest in the shares. This plan was established in August 2009.

A Long-Term Incentive Plan, adopted on 19 December 2012 as the Mulberry Group plc Long-Term Incentive Plan ("LTIP") and amended and renamed on 10 July 2017 as the Mulberry Group plc 2017 Performance Share Plan. This plan was designed and introduced by the Remuneration Committee to align management and shareholders' interests through rewarding participants for growth in Mulberry's revenue and profit before interest and tax ("PBIT") above specified thresholds over the vesting period. The performance conditions are split between revenue growth and PBIT growth compared to targets set in the plan's performance conditions. The vesting period is typically three years from the date of grant of options.

The following information is required by the Companies Act and AIM rules.

	Basic salary/fees £'000	Bonus £'000	Taxable benefits £'000	Pension contributions[2] £'000	52 weeks ended 28 March 2020 Total £'000
Executive Directors					
Thierry Andretta[1]	673	–	397	10	1,080
Charles Anderson[3]	131	–	29	16	176
Neil Ritchie[4]	64	–	3	2	69
Non-Executive Directors					
Godfrey Davis	200	–	–	–	200
Chris Roberts	50	–	1	–	51
Steven Grapstein	45	–	1	–	46
Melissa Ong	45	–	1	–	46
Christophe Cornu	45	–	1	–	46
Julie Gilhart	45	–	–	–	45
	1,298	–	433	28	1,759

Notes:

(1) Thierry Andretta was the highest paid Director during the period. He was appointed as Chief Executive on 7 April 2015, after serving as a Non-Executive Director until that date.

(2) Pension contributions are paid into defined contribution schemes.

(3) Charles Anderson was appointed on 7 October 2019.

(4) Neil Ritchie gave notice on 19 March 2019 of his notice to step down on 30 June 2019. As part of contractual arrangements between him and the Group, a one-off payment of £189,000 was agreed to reflect incentive and notice period, which is included in basic salary in the period ended 30 March 2019.

	Basic salary/ fees £'000	Bonus £'000	Taxable benefits £'000	Pension contributions[2] £'000	53 weeks ended 30 March 2019 Total £'000
Executive Directors					
Thierry Andretta[1]	659	–	314	10	983
Neil Ritchie[4]	439	–	13	10	462
Non-Executive Directors					
Godfrey Davis	200	–	–	–	200
Chris Roberts	50	–	–	–	50
Steven Grapstein	45	–	–	–	45
Melissa Ong	45	–	–	–	45
Christophe Cornu	45	–	1	–	46
Julie Gilhart	45	–	–	–	45
	1,528	–	328	20	1,876

The emoluments disclosed do not include any amounts for the value of share options or share awards granted to or held by the Directors. These are detailed as follows:

(a) Options granted under the 2008 Unapproved Share Option Scheme

	30 March 2019	Granted	Exercised	28 March 2020	Exercise price (£)	Date of exercise	Average market price on exercise (£)
Thierry Andretta[1]	230,415	–	–	230,415	8.680	n/a	n/a
Thierry Andretta[2]	70,000	–	–	70,000	10.342	n/a	n/a
Thierry Andretta[3]	–	350,000	–	350,000	2.705	n/a	n/a
Charles Anderson[4]	–	100,000	–	100,000	2.705	n/a	n/a
Neil Ritchie[2]	24,500	–	–	24,500	10.342	n/a	n/a

Notes:

(1) For the options granted to Thierry Andretta on 10 April 2015, the market price on the date of grant was £8.68. These are exercisable from 1 January 2018 to 1 January 2025.

(2) For the options granted to Thierry Andretta and Neil Ritchie on 1 July 2016, the market price on the date of grant was £10.342. These are exercisable from 1 July 2019 to 1 July 2026.

(3) For the options granted to Thierry Andretta on 25 November 2019, the market price on the date of grant was £2.705, and are exercisable as follows:
150,000 options are exercisable from date of grant until 25 November 2029.
100,000 options are exercisable from 30 June 2020 until 25 November 2029.
100,000 options are exercisable from 30 June 2021 until 25 November 2029.

(4) For the options granted to Charles Anderson on 25 November 2019, the market price on the date of grant was £2.705. These are exercisable from 25 November 2022 to 25 November 2029.

(b) Jointly owned shares under the Co-ownership Equity Incentive Plan

	30 March 2019	Granted	Exercised	28 March 2020	Exercise price (£)	Date of exercise	Average market price on exercise (£)
Godfrey Davis	300,000	–	–	300,000	1.458	n/a	n/a

The right to exercise the interest in these shares vested on 9 October 2012 and remained exercisable until 9 October 2019. On 4 October 2019, the Employee Benefit Trust agreed to extend the exercise period until 30 November 2021. The market price of these shares at the date of the award was £1.215.

(c) Options granted under the 2017 Performance Share Plan

	30 March 2019	Granted	Lapsed	28 March 2020	Exercise price (£)
Thierry Andretta(1)	200,000	–	–	200,000	nil
Thierry Andretta(2)	–	500,000	–	500,000	nil
Neil Ritchie(1)	50,000	–	–	50,000	nil

Notes:

(1) For the options granted on 10 July 2017, the market price on the date of grant was £9.89. These may be exercised after the Group's financial results for the financial period ended 28 March 2020 have been announced, and up to ten years from the date of grant, upon attainment of the relevant performance conditions.

(2) For the options granted on 25 November 2019, the market price at date of grant was £2.705. These may be exercised up to ten years from the date of grant upon attainment of relevant performance conditions from the following dates:
250,000 options may be exercised after the Group's financial results for the financial period ended 27 March 2021 have been announced.
A further 250,000 options may be exercised after the Group's financial results for the financial period ended 2 April 2022 have been announced.

The Directors present their report on the affairs of the Group, together with the financial statements and independent auditor's report, for the period ended 28 March 2020.

RESULTS AND DIVIDENDS

The results for the period are set out in the Group income statement. The Directors are not recommending the payment of a final dividend (2019: 5.0p per ordinary share) in light of the impact of COVID-19 on the business.

GOING CONCERN

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities and cash requirements together with factors likely to affect its performance and financial position, including the current and future anticipated impact of COVID-19.

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic report on pages 8 to 22. The principal risks and uncertainties, including the mitigating actions which address these risks, are set out on pages 23 to 31.

The key judgements in relation to the going concern assessment are in respect of the potential ongoing impact of COVID-19 on the Group. They include the timing of the Group's recovery to pre-COVID-19 trading levels and the likelihood and impact of further lockdowns, including their duration and the impact on consumer demand in the markets in which the Group operates. When making these judgements, the Directors considered trading levels since the majority of the Group's stores have re-opened and the outlook for the Group against their detailed base case scenario. The Directors have also considered a further downside scenario and a reverse stress test scenario. These are described in further detail below.

The Group had net cash of £7.2m (2019: £11.1m) at 28 March 2020 and had not drawn down on its revolving credit facility.

Borrowing facilities

The Group has a £15m revolving credit facility, which on 15 September 2020 was extended until March 2022, with renegotiated banking covenants to reflect the current COVID-19 world and security granted in favour of HSBC. Covenants are tested on a quarterly basis and contain a 12-month rolling minimum EBITDA target and a maximum net debt target. Covenants are tested on a "frozen GAAP" basis and exclude the impact of IFRS 16. In addition, the Group has a £4.0m overdraft facility and a further USD1.9m overdraft facility in China, which are not committed facilities and therefore not considered by the Directors as part of the going concern assessment. The Group overdraft is renewed annually in May and the overdraft in China is renewed annually in July. Further details regarding the security is found in note 37.

The Company is proposing an amendment to the Company's borrowing powers at the forthcoming General Meeting to ensure that the use of its borrowing facilities is not restricted. The Group's main shareholder has given their commitment to vote in favour of this amendment to the Company's borrowing powers. Further details are found in the Notice of General Meeting on page 129.

The revolving credit facility was not drawn down at the period end and remains undrawn at the date of this report. The Group had net cash of £8.0m at 25 September 2020.

Mitigating actions taken post year end

The Group reacted swiftly to manage the impact of COVID-19 and continues to execute a well-developed plan to manage its capital and costs and maintain its liquidity position.

The following actions have already been taken following the start of the new financial year and are modelled in the Directors' base case scenario:

- A significant reduction in discretionary costs (mainly marketing, consumables and travel), the freezing of pay and recruitment and a temporary pay cut of 20% for plc Directors and other senior managers. The pay cut for senior managers ceased in August 2020 and the pay cut for plc Directors is ongoing and will be reviewed when there is further certainty regarding COVID-19;
- A reduction in employee numbers by approximately 25% across the Group;
- The renegotiation or termination of leases where possible;
- A reduction in inventory production and purchases in line with anticipated demand;

- The cancellation of all non-essential capital expenditure;
- Optimising working capital by negotiating extended payment terms with landlords and suppliers, whilst continuing to pay all suppliers in full;
- Accessing relevant government support programmes, such as business rates relief and the Coronavirus Job Retention Scheme in the UK and similar schemes in other countries;
- Utilising government allowances for deferring certain direct and indirect tax and social security payments. At the date of this report, £1.0m of PAYE payments have been deferred until January 2021 and £0.7m of VAT payments until March 2021, with an option to defer for a further 11 months;
- The suspension of all shareholder distributions until the Directors have a clearer view of the scale and duration of the impact of COVID-19 on the Group; and
- The renegotiation and relaxation of the Group's banking covenants in line with the downside scenario projections.

These actions represent a 34% reduction in operating expenses and a 72% reduction in capital expenditure against the prior year. Inventory production and purchases have been reduced in line with anticipated demand, based on the base case scenario and are regularly reviewed and adjusted in line with revised trading projections. Trading since the Group's stores began to re-open, is currently outperforming the base case scenario.

Further actions, including further cost savings and working capital benefits, are available to the Directors to mitigate the impact of the trading environment assumed in the Directors' downside scenario (see below). On 24 September 2020, further government support measures were announced as part of the government's Winter Economy Plan. These have not been included in these scenarios but would potentially provide the Group with further contribution to costs.

Base case scenario

The Directors' base case scenario assumes that revenues do not recover to levels recorded in the year to 28 March 2020 in the short term. Whilst the majority of the Group's stores have re-opened following lockdown in various territories, the Directors expect that social distancing measures and reduced tourist and footfall levels will continue to impact revenues over the going concern period. The impact of COVID-19 on the wider economy (particularly the UK) will also have a consequential effect on demand. The Directors assume the trading experienced through the Group's digital channels will continue, although not at sufficient levels to fully offset the expected slower growth in the stores. The base case scenario assumes a 35% reduction in retail sales and a 61% reduction in wholesale and franchise sales against the prior year, with the mix between full price and off-price sales largely maintained. No additional COVID-19 related lockdown periods have been assumed.

The cost savings and working capital benefits assumed in this scenario are detailed above (see mitigating actions) and at the date of this report, the Group are on track to deliver these.

Under this scenario, banking covenants will be met and borrowing levels remain within the Group's committed borrowing facilities over the 12-month going concern period.

Downside scenario

The Directors' downside scenario does model a second wave of COVID-19 in the UK, Europe and North America, with a further 2.5-month lockdown and store closure period in these territories between October and December 2020. No factory or distribution centre closures are assumed and no lockdown is assumed in Asia, as early containment measures have proved effective in curbing the pandemic. Digital revenues are anticipated to increase while stores are closed, which is in line with the Group's experience during the March to June 2020 lockdown. The impact of this would result in a 41% reduction in retail sales against the prior year.

Further mitigating cost saving, primarily reduced inventory purchases and working capital actions are assumed to be undertaken, although no further government support is assumed in this scenario.

Under this scenario, banking covenants will be met and borrowing levels remain within the Group's committed borrowing facilities over the 12-month going concern period.

Reverse stress test scenario

The Directors have reviewed a reverse stress test scenario that models the decline in sales that the Group would be able to absorb before triggering a breach of banking covenants. The Directors believe that this scenario is remote, for the following reasons:

- Trading since the Group's stores began to re-open, is currently outperforming the base case scenario;
- As demonstrated in the March to June 2020 lockdown, digital revenues are able to offset some of the lost sales while stores are closed;
- The Group continues to execute a well-developed plan to manage its capital and costs and maintain a robust liquidity position; and
- Further actions, including revenue opportunities, further cost savings and working capital benefits are available.

The reverse stress test assumes a further 10% reduction on revenue against the downside scenario, offset by working capital optimisation and a further 20% reduction in payroll and discretionary costs (marketing, consumables, travel and other goods not for resale). Inventory production and purchases have been reduced in line with the anticipated demand under this scenario. Additional costs arising from Brexit have been assumed under this scenario, effective from 1 January 2021.

Under this scenario, borrowing levels remain within the Group's committed borrowing facilities with 80% facility utilisation at peak borrowing, however, the minimum EBITDA target would be breached in September 2021. Whilst the Directors believe that this scenario is remote, it would allow time for further actions to be taken, including a possible further relaxation of banking covenants. Whilst there is no guarantee that this will be agreed, the Group currently maintains a good relationship with their lender.

Going concern basis

Based on the assessment outlined above, the Directors have a reasonable expectation that the Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future. For these reasons, the Directors consider it appropriate for the Group to continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period and subsequently are detailed below.

Thierry Andretta, 63, was appointed as Chief Executive on 7 April 2015, following his appointment to the Board as an independent Non-Executive Director on 9 June 2014. He has previously held a number of senior roles at brands including Lanvin, Moschino, Kering, LVMH Fashion Group and Céline, and was Chief Executive of Buccellati. He is a director (gérant) of SCI TMLS and was a Non-Executive Director of Acne Studios Holding AB (until March 2017). Mr Andretta has extensive experience across the luxury sector, with particular focus on international expansion.

Charles Anderson, 50, is Group Finance Director, having joined Mulberry and been appointed to the Board on 7 October 2019. He is an ACMA and was admitted to the Chartered Institute of Management Accountants in 2000. Mr Anderson has over 20 years' experience as a finance professional, the last 17 of which were at Ted Baker PLC. He has experience in developing and overseeing global finance functions, international expansion and systems transformation as well as investor relations.

Neil Ritchie, FCA, 49, stood down as Chief Financial Officer and a member of the Board with effect from 30 June 2019.

Non-Executive Directors

Godfrey Davis, FCA, 71, is Chairman of the Board, having been appointed in June 2012. Prior to this he had performed the role of Chief Executive from 2002 until June 2012. He is a fellow of the Institute of Chartered Accountants in England and Wales, and joined Mulberry as Group Finance Director in 1987 after 15 years at Arthur Andersen, where he was an international partner. He is a director of Pittards plc, King's Schools Taunton Limited and Hestercombe Gardens Limited, KST International Limited and he is a trustee of Hestercombe Gardens Trust. Mr Davis is an experienced leader of private and publicly owned entities and has a strong understanding of the UK AIM market. He has a deep knowledge of the leather goods sector over many years.

Andrew Christopher Roberts, FCCA, 57, is Chairman of the Nominations and Remuneration Committee (appointed on 7 May 2013). He was appointed to the Board on 6 June 2002. He is a Fellow of the Chartered Association of Certified Accountants. He is managing director of Como Holdings (UK) Ltd, which has retail, hotel and real estate operations in the UK and was formerly finance director of an AIM-listed financial services group. Como Holdings (UK) Ltd is a company ultimately owned by Mr Ong Beng Seng and Mrs Christina Ong. Mr Roberts has a broad experience of international property markets, the branded luxury hospitality sector and global financial markets.

Steven Grapstein, CPA, 62, was appointed as a Director on 17 November 2003 and was appointed as Chairman of the Audit Committee on 7 May 2013. He is currently the chief executive officer of Como Holdings USA Inc., an international investment group with extensive interests in the retail and hotel industries. He serves on the board of directors of Urban Edge, a US publicly listed company on the NY Stock Exchange and is the chairman of its Governance Committee and a member of its Audit Committee. He serves as a member of the board of directors of David Yurman Corp., a privately held US entity and creator of luxury jewellery and time pieces, where he is chairman of the Audit Committee and a member of the Governance Committee. He is also a member of the American Institute of Certified Public Accountants. Mr Grapstein was a director of and then chairman of the board of Tesoro Corporation, a US publicly held Fortune 100 company engaged in the oil and gas industry, a position he held until 2015. Having served as chief executive officer, he then became chairman of Presidio International dba A/X Armani Exchange, a fashion retail company until its sale on 15 May 2014. Como Holdings USA Inc. is ultimately owned by Mr Ong Beng Seng and Mrs Christina Ong. Mr Grapstein has extensive knowledge of the North American retail market and is experienced in corporate finance and US capital markets.

Melissa Ong, 46, was appointed on 7 September 2010. She is currently the VP of business development and director of activities of Como Hotels and Resorts, a company ultimately owned by Mr Ong Beng Seng and Mrs Christina Ong, overseeing the experiential element of hospitality in each destination. She is a director/manager of Mojo Pte Ltd, an investment holding company managing investments in technology, food and beverage, hospitality, real estate and public securities and funds. She manages the endowment portfolio of COMO Foundation where she serves as a director. She is a director of Knowhere Pte Ltd and Mogems Pte Ltd. She is also a director of each of Will Focus Ltd, Club 21 Pte Ltd and Como Holdings Pte Ltd companies, which are ultimately owned by Mr Ong Beng Seng and Mrs Christina Ong. Ms Ong is highly experienced in the luxury hospitality sector and brings insight into the Asian market. Her knowledge of relevant technology and application to digital and social media marketing is valuable in relation to enhancing the luxury customer experience.

Christophe Cornu, 56, was appointed on 7 May 2013 and is an independent director. With effect from 1 July 2018, Mr Cornu became CEO of Nestle France SA, having previously served as CEO of Nestlé Suisse SA, and been chief commercial officer for Nestle Nespresso SA. Mr Cornu is a marketing leader with a track record of developing major brands and break through concepts. He is consumer focused, with a complete view from brand purpose development through to marketing execution and provides valuable insight and challenge on brand and marketing related issues.

Julie Gilhart, 62, was appointed on 1 December 2014 and is an independent Director. She is chief development officer of Tomorrow and president of Tomorrow Consulting where she champions and fosters the power of entrepreneurial creativity within the global fashion industry. In 2011 she founded Julie Gilhart Consulting, Inc, a boutique consultancy, to connect and grow fashion brands with a desire to have a positive impact and merged her company with Tomorrow in 2019. Prior to establishing her own company, Ms Gilhart was the senior VP fashion director at Barneys New York for 18 years where she identified and brought up-and-coming designers into the store, playing a role in building their businesses worldwide. She serves as a member on the boards of Parsons-New School, Tomorrow London Ltd and is an adviser to Global Fashion Agenda, the Council for Fashion Designers America and Lexus Fashion Sustainability Initiative and the CFDA Elaine Gold Launch Pad. She is a respected leader within the fashion sector and is known as a pioneer of sustainability and the circular economy, with a history of finding talent and advising and developing growth of businesses. Her expertise relates to the emerging customer, social trends and adaptation of business models to future requirements including focus on sustainability, advising companies how to incorporate sustainable practices as a core component of their operations.

Directors' interests

Directors' beneficial interests in the shares of the Company at the period end were as follows:

	5p ordinary shares 2020	5p ordinary shares 2019
Godfrey Davis	718,527	718,527
Steven Grapstein	10,000	10,000
Melissa Ong	10,000	10,000
Thierry Andretta	3,000	–

The other Directors had no interests in the shares of the Company. Details of Directors' share options, share awards (including jointly owned shares issued under the 2009 Co-ownership Equity Incentive Plan) and other interests in shares are disclosed in the Directors' remuneration report.

SUBSTANTIAL SHAREHOLDINGS

At 28 March 2020 the Company had been notified of the following interests of 3% or more of the share capital of the Company, other than those of the Directors above:

Name of holder	Percentage of voting rights and issued share capital	No. of ordinary shares	Nature of holding
Challice Limited(1)	56.14%	33,726,444	Controlling shareholder
Banque Havilland SA(2)	24.28%	14,585,720	Investor
Frasers Group plc(3)	12.54%	7,536,228	Investor

(1) Challice Limited is controlled by Mr Ong Beng Seng and Mrs Christina Ong.
(2) On 16 September 2020 Banque Havilland SA transferred its shareholding in the Company to Kaupthing ehf.
(3) Notification was made on 6 February 2020 that the shareholding of Frasers Group plc exceeded 10.0%.

At 2 October 2020 the interest held by Banque Havilland SA, as at the period end, was held by Kaupthing ehf. There were no changes in the interests held by Challice Limited and Frasers Group plc.

The Group is party to, and has complied with, a relationship agreement with Challice Limited which includes undertakings that transactions and relationships will be conducted on an arm's length basis on normal commercial terms.

SHARE PRICE INFORMATION

The market price of Mulberry Group plc ordinary shares at 28 March 2020 was £1.705 (2019: £2.94) and the range during the period was £1.15 to £3.20 (2019: £2.60 to £8.03).

MOVEMENT IN THE COMPANY'S OWN SHAREHOLDING

Please refer to notes 27 and 28.

EVENTS AFTER THE REPORTING PERIOD

Since the period end, the Group has extended the revolving credit facility with HSBC until March 2022 and renegotiated banking covenants in line with the downside scenario projections described in the Going Concern Statement on page 38. The £15.0m revolving credit facility is secured by fixed and floating debentures over the assets of its subsidiaries, excluding inventory and shares in Mulberry Japan Co. Limited and fixed legal charges over its freehold premises. Covenants are tested on a quarterly basis and contain a 12 month rolling EBITDA target and a maximum net debt target. Covenants are tested on a 'frozen GAAP' basis and exclude the impact of IFRS 16.

In response to the impact of COVID-19 on the business, following a period of consultation, the Group made 290 roles redundant, the majority of which were in the UK. The cost to implement these redundancies was £1.8m, with anticipated annual savings of £8.7m.

As part of government support to businesses impacted by COVID-19, the Group has applied for grants under the UK Coronavirus Job Retention Scheme ("CJRS"), as well as equivalent schemes offered in other non-UK territories. In addition, liabilities payable to HM Revenue & Customs at the period end for VAT, PAYE and national insurance contributions were permitted by HM Revenue & Customs to be deferred beyond the normal payment terms.

In August 2020, the Group agreed an exit arrangement with the landlords of both of its store leases in Canada which have remained closed since March 2020 when local lockdown was enforced. These leases were terminated prior to their lease expiry date in consideration of an exit charge payable to the landlords.

BRANCHES

The Group operates branches, as defined in s1046(3) of the Companies Act 2006, in Eire, the Netherlands and Taiwan.

DIRECTORS' INSURANCE AND INDEMNITIES

The Group maintains Directors' and officers' liability insurance, which gives appropriate cover for any legal action brought against its Directors. In accordance with Section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the Directors in respect of liabilities incurred as a result of their office to the extent permitted by law. Both the insurance and indemnities applied throughout the financial period ended 28 March 2020 and through to the date of this report.

EMPLOYEE INVOLVEMENT

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

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

UK greenhouse gas emissions and energy use data

	28 March 2020
Scope 1 emissions in metric tonnes CO_2e	
Combustion of gas	233.4
Combustion of fuel for transport purposes	53.5
Total Scope 1	286.9
Scope 2 emissions in metric tonnes CO_2e	
Purchased electricity	820.0
Total Scope 2	820.0
Total gross emissions in metric tonnes CO_2e	1,106.9
Intensity ratio (CO_2e/£m sales revenue)	6.66

We have reported on all the emission sources required under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013 and Companies (Director's report) LLP (Energy and Carbon report) Regulations 2018. These sources fall within our own business activities over which we have operational control.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered from our own operations, and emissions factors from UK Government's Conversion Factors for Company Reporting 2019.

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting. Streamlined Energy and Carbon Reporting (SECR) guidance only requires the Group to report on UK GHG emissions.

DISABLED PERSONS

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

CHARITABLE AND POLITICAL DONATIONS

The Group made charitable donations of £119,000 (2019: £55,020) during the period. The Group made no political donations in either period.

RISK MANAGEMENT

The Group's financial instruments risk management policies can be found in note 33.

AUDITOR

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In line with governance best practice, the Audit Committee have commenced a competitive audit tender process, which will be concluded in advance of the General Meeting on 17 November 2020. Three audit firms have been invited to tender.

The Directors' report was approved by the Board of Directors and authorised for issue on 5 October 2020.

Charles Anderson
Group Finance Director

Directors' responsibilities statement

52 weeks ended 28 March 2020

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the accounts 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 the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 5 October 2020 and is signed on its behalf by:

Thierry Andretta	Charles Anderson
Chief Executive	Group Finance Director

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:

- the financial statements of Mulberry Group plc (the "Parent Company") and its subsidiaries (the "Group") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 March 2020 and of the Group's loss for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group and parent company balance sheets;
- the Group and parent company statements of changes in equity;
- the Group cash flow statement; and
- the related notes 1 to 53.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. BASIS FOR OPINION

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

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters

The key audit matters that we identified in the current year were:

- Going concern;
- Impairment of non-current assets; and
- Calculation of right-of-use asset and lease liability in the opening balance sheet upon adoption of IFRS 16 'Leases'.

Within this report, key audit matters are identified as follows:

Newly identified

Increased level of risk

Decreased level of risk

Similar level of risk

Materiality

The materiality that we used for the Group financial statements was £800,000 (FY19: £850,000) which was determined with reference to 0.5% of revenue (FY19: 0.5% of revenue). Given the volatility in performance during FY19 and FY20 revenue was considered the most appropriate performance measure on which to base materiality.

Scoping

The Group audit focused on three components for which a full scope audit was performed. These components account for 90% of Group revenue.

Significant changes in our approach

We have reduced our performance materiality percentage in the current year. Further details on this are provided in section 6.2 below.

We devised our audit strategy to respond to the risks within the retail market and the impact of COVID-19 on the Group's future trading performance. As a result, we identified a new key audit matter in relation to going concern. The key audit matter relating to impairment was also extended to include all non-current assets.

The implementation of IFRS 16 'Leases' has had a material impact on the Group's balance sheet and was also identified as a new key audit matter during the year.

In the prior year we identified accounting for acquisitions as a key audit matter. On the basis there were no acquisitions in FY20, this is no longer identified as a key audit matter.

4. CONCLUSIONS RELATING TO GOING CONCERN

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

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

We identified going concern as a key audit matter in section 5.1 below.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Going concern

Key audit matter description

In assessing whether the financial statements should be prepared on the going concern basis, the Directors are required to consider all available information about the future for a period of 12 months from the date of approval of the financial statements. In conducting their assessment, the Directors have concluded that adopting the going concern basis is appropriate.

At 28 March 2020 the Group had cash at bank and on hand of £8.0m and had drawn down £0.8m on its overdraft in China. At the time of approving the financial statements the Group had the following facilities available:

- a revolving credit facility of £15.0m committed until March 2022;
- a UK overdraft facility of £4.0m, renewed annually in May, for use by the entire Group; and
- an overdraft facility of US$1.9m, renewed annually in July, for use by the business in China.

The revolving credit facility and the UK overdraft facility contain covenants that require the Group to maintain specific financial ratios in respect of:

- a minimum rolling earnings before tax, interest, depreciation and amortisation (EBITDA) adjusted for certain exceptional items over a 12 month period; and
- maximum net debt.

As described on page 10 the impact of the COVID-19 pandemic on the Group has been significant. During the period from January 2020 to March 2020 all of the stores in the Group's portfolio were subject to closure in line with relevant local government restrictions. Stores were closed for a varying length of time, depending on the jurisdiction. Post year end, and in line with local government guidance, the stores began to progressively reopen with the UK stores starting to open from 15 June 2020.

The deterioration of the trading performance of the Group in FY20 (before and during the pandemic) together with the uncertainties arising from the volatility in the retail sector and macro-economic environment (including Brexit), result in a greater level of management judgement in forecasting the Group's future trading and funding position compared to previous years.

In particular, there is significant judgement in the Directors' assessment of:

- the severity of the reductions in cash inflows from retail stores;
- the ability to replace lost retail store revenue with on-line revenues;
- the length of time over which the impacts might be felt; and
- the availability and ability to control mitigating actions to preserve trading performance and cash.

As at the date of this report, the global outlook as a result of COVID-19 is uncertain and the range of potential outcomes is wide-ranging and unknown, particularly in light of recent measures put in place to respond to increased cases in the UK. In particular, should the impact of the pandemic on trading conditions be more prolonged or severe than those currently considered by the Directors, the Group would need to implement additional operational or financial measures. As detailed on pages 38 and 39, examples of such measures include further cost mitigations including the reduction in discretionary spend, potential for asking employees to work a four day week and delaying the recruitment of a Creative Director.

Key audit matter description (continued)	The Directors have considered a range of scenarios in assessing the impact of COVID-19. These include a reduction in Group revenue of 7% over the going concern period when compared to the base case cash flow forecast, referred as the 'downside case'. This scenario assumed a ten week lock down in the UK, Europe and North America during October, November and December 2020, key trading months for the Group. The Directors have also modelled a set of assumptions that would need to occur for the Group to require sources of financing in addition to those currently guaranteed (known as the 'reverse stress test'). These assumptions primarily impact revenue earned throughout the Group by extending the length of time during which strict social distancing measures would be in place and increasing the size of the revenue decrease compared to the prior year and the base case forecast. The decline in Group revenue in the reverse stress test would be approximately 16% over the 12-month going concern period when compared to the base case forecast prepared for this period. The Directors concluded that the probability of the reverse stress test scenario occurring to be remote. Full details of the scenarios applied by the Directors are set out in detail on pages 39 and 40. The Articles of Association limit the Company's borrowing powers with reference to net assets adjusted for certain items. In order to draw down on the revolving credit facility the Directors are seeking an amendment in the article at the forthcoming General Meeting where the annual report and accounts are laid in front of the members and creditors. As a result of the impact of COVID-19 on the Group and the uncertainties regarding liquidity, we identified a key audit matter related to management's assessment and conclusion related to going concern, and the accompanying disclosures in the financial statements. Further details of the judgements considered are included in the Directors' report on pages 23, 38, and 39, notes 3 and 4 of the financial statements.
How the scope of our audit responded to the key audit matter	To evaluate the impact of the uncertainty of the COVID-19 pandemic on the going concern assessment and the availability of facility including the ability to meet the associated covenants, our audit procedures included: • obtaining an understanding of the relevant controls relating to the Group's cash flow forecasting process; • evaluating and understanding the financing facilities available to the Group, including the period over which the facilities are committed and the relevant covenants; • considering the consistency of management's forecasts with other areas of the audit, including the non-current asset impairment review; • checking the mathematical accuracy of the forecast and model; • challenging the key assumptions underpinning the Group's forecasts, in particular the Directors' assessment of the financial impacts of COVID-19 on forecast consumer behaviour and the Group's trading performance, by comparing the Directors' assessment of the impact of COVID-19 to macroeconomic data, historical trading performance, peer company comparison and post period end performance; • engaging our restructuring specialists to assist us in challenging the going concern assumptions and model; • assessing the impact of reasonably possible downside scenario on the Group's funding position, including requesting the Directors to model a 'reverse stress test' scenario; • assessing and challenging the mitigating actions available to management, including evaluation of which actions are within management's control and comparing the actions proposed to management's track record of executing on the actions; • reviewing and assessing the legally binding commitment made by the majority shareholder to vote for a change in the articles to allow the company to draw down on its revolving credit facility; and • assessing the sufficiency of the Group's disclosure on adopting the going concern basis and uncertainties arising.

Key observations	We inspected an irrevocable commitment where the main shareholder will vote for a change in the Articles to allow the revolving credit facility to be drawn down. We concurred with the Directors' conclusion that the going concern basis of accounting is appropriate, that the Group has sufficient financial resources over the going concern period, and that the reverse stress test scenario is remote. We have separately reported to the Audit Committee improvements to the cash flow forecasting model, the precision of the management review controls and management testing of the information used in the controls.

5.2 Impairment of non-current assets

Key audit matter description	Under IAS 36 'Impairment of assets', the Group is required to complete an impairment review of its non-current assets if there is an indicator of impairment, such as the Group generating operating losses. The net book value of the store specific assets (fixtures and fittings) at 28 March 2020 is £6.3m after an impairment charge of £7.1m. The net book value of the IFRS 16 right-of-use asset as at 28 March 2020 is £45.9m after an impairment charge of £17.8m on recognition of the asset on 31 March 2019 and an impairment charge of £24.9m during FY20. The impairment charge recognised on stores assets and right of use assets relates to 23 stores. In addition, at 28 March 2020 the Group holds goodwill of £2.5m in respect of the acquisition of Mulberry Korea Co., Ltd. The stores impairment review required significant management judgement, particularly in regard to: the forecast revenue assumptions relating to the next three financial years; the extent of physical retail revenue recovery compared to FY20 following the COVID-19 pandemic; and the discount rate applied to future cash flows. Judgement is also required in allocating direct and other central costs to stores. The key assumptions in the impairment review of the goodwill associated with Mulberry Korea Co., Ltd, are the growth in revenue following the COVID-19 pandemic and the discount rate applied to the net future cash flows. Forecasting revenue for stores (in the UK and overseas) is particularly challenging in light of the significant impact of COVID-19 and uncertainty over the pace and extent of recovery of the Group and the wider economy as the lockdown restrictions and associated store closures are eased. The impairment model utilises the forecasts included in the Board's three year plan up to March 2023. Assumptions beyond this period do not exceed the local country growth rate. The cash flows are discounted at the local country discount rate. As set out in note 4, the model is highly sensitive to changes in forecast growth in revenue and the discount rate. The forecast used for the first year of the impairment review is developed at a store level. Macro assumptions are subsequently used to develop the cash flows in years two and three. Consequently, if the store is less than two years old a higher level of growth can be expected as footfall and subsequent sales conversion is expected to improve above the level of a more established store. Refer to note 3 for the Group's impairment accounting policies, note 4 for critical accounting judgements and key sources of estimation uncertainty and notes 16, 17 and 19 for the IAS 36 'Impairment of assets' disclosures in respect of key estimates and sensitivities.

<table>
<tr><td>How the scope of our audit responded to the key audit matter</td><td>
To evaluate whether the estimates made by management in determining the store-based asset and right-of-use asset impairments were appropriate, as well as the impairment review that supports the carrying value of goodwill in respect of the Korean business, our audit procedures included:

obtaining an understanding of the relevant controls around the impairment review;
assessing the methodology applied in performing the impairment review with reference to the requirements of IAS 36 ‘Impairment of Assets’;
determining whether management had appropriately modelled the impact of IFRS 16 when considering the cash flows within the impairment models;
considering the consistency of management’s forecasts with other areas of the audit, including the going concern review;
checking the mathematical accuracy of the forecast and models;
challenging the store growth forecast judgement through analysing historic store performance, post year end trading and comparing growth forecasts to macroeconomic data and other specific industry forecasts;
challenging the allocation of direct and other central costs to stores by considering the technical requirements of IAS 36;
working with our valuation specialists to challenge the discount rates through comparing the rates to our independently estimated discount rates;
assessing the aggregate value in use calculations against the market capitalisation of the Group;
assessing management’s sensitivity analysis and reasonable possible changes in relation to the key assumptions used in the cash flow forecasts; and
evaluating the adequacy of the Group’s disclosures regarding the impairment review performed for store assets, right-of-use assets and Korean goodwill in notes 4, 16, 17 and 19.

We also challenged the combined forecast cash flows from the Group’s retail operations, and considered whether these were supportive of the carrying value of certain assets which service all of the Group’s combined revenue (such as a corporate lease for the Group headquarters, and the Group’s factory assets).
We reviewed and challenged the key estimates used in the impairment review on the right-of-use asset of £111.2m recognised on 31 March 2019 on transition to IFRS 16. We involved our valuation specialists’ to prepare an independently estimated discount rate, incorporating the effects of IFRS 16, and determining whether the cash flows used for stores with indicators of impairment at the opening balance sheet date were consistent with the Board approved forecasts dating back to the transition date.
</td></tr>
<tr><td>Key observations</td><td>
We conclude that the level of impairment recognised on the store estate is appropriate. We concurred with management that no impairment should be recorded on the Group’s central assets which service both online and physical retail sales.
Given the uncertainties noted, the disclosure sensitivities in note 4 provides information to assess the impact of a reasonable change in key assumptions.
A number of immaterial misstatements, both individually and in aggregate, were identified. We have separately reported to the Audit Committee improvements to the models used, the precision of the management review controls and management testing of the information used in the controls.
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</table>

5.3 Calculation of right of use asset and liability in the opening balance sheet upon adoption of IFRS 16 'Leases'

Key audit matter description	The current period is the first period in which the business has implemented IFRS 16 'Leases'. The Group has elected to apply IFRS 16 under the modified retrospective transition option from 31 March 2019 where the right of use asset is equal to the lease liability at the date of adoption and the comparatives are not restated. Before impairment, management determined there to be an increase in total assets of £111.2m and an increase in total liabilities of £113.7m for the opening transition balance sheet at 31 March 2019. A key audit matter was identified on the accuracy of the calculation for the right of use asset and liability recognised on transition due to the manual nature of the inputs into the model calculation and the determination of the incremental borrowing rate used to discount the cash flows. Further details are included within the Chairman's report on page 8, the Strategic report on page 16, critical accounting estimates and judgements note in note 4 and the right of use asset and lease notes in notes 2, 19 and 26 to the financial statements.
How the scope of our audit responded to the key audit matter	To test the completeness and accuracy of the lease liability and right-of-use assets, our audit procedures included: • obtaining an understanding of the relevant controls over the determination of the incremental borrowing rate and the input of lease data into the model; • verifying the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information; • checking the integrity and mechanical accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment; • challenging the incremental borrowing rate used by management to calculate the right-of-use asset and liability through use of our specialists; and • assessing whether the IFRS 16 disclosures within the financial statements are appropriate.
Key observations	From the work performed above, we are satisfied that the lease data underpinning the IFRS 16 disclosures is complete and accurate and that the disclosures in relation to IFRS 16 are appropriate. A number of misstatements were identified, with all material items corrected. We have reported separately to the Audit Committee our observations on internal control improvements, which included the precision of management review controls, the testing of information used in a control and the identification of leases.

6 OUR APPLICATION OF MATERIALITY

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£800,000 (2019: £850,000)	£680,000,000 (2019: £722,500)
Basis for determining materiality	The materiality that we used for the Group financial statements was £800,000 which was determined with reference to 0.5% of Group revenue (2019: 0.5%).	The determined materiality equates to 1.9% of the Parent Company's net assets (2019: 1.6%).
Rationale for the benchmark applied	In our professional judgement we believe that revenue is the most appropriate benchmark to determine materiality as it reflects the size and scale of the Group. £800,000 represents approximately 2% of Group statutory loss before tax, 0.6% of total assets and 6% of Group net assets (2019: 17% of Group statutory loss before tax, 0.7% of total assets and 1% of Group net assets). The increase in materiality as a proportion of net assets is principally attributable to the decrease in net assets, following the adoption of IFRS 16 and the recognition of lease liabilities that exceed the corresponding right-of-use assets.	In determining our final materiality, based on our professional judgement, we have considered net assets as the appropriate measure given the Parent Company is primarily a holding Company for the Group. We then capped materiality at 85% of Group materiality (2019: 85%).

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 50% of Group materiality for the 2020 audit (2019: 60%).

In determining performance materiality, we considered our past experience of the Group and our risk assessment, including our assessment of the Group's overall control environment. Our external audit for the 53 week period ended 30 March 2019 identified a number of control deficiencies, including repeat deficiencies from prior years, which were reported to the Audit Committee, together with recommendations for improvement.

These control deficiencies also contributed to a number of misstatements being identified in the previous audit. In determining performance materiality for the current year, we therefore considered the value and number of corrected and uncorrected misstatements in the previous year, as well as the likelihood of these recurring in the current year. Further discussion regarding the control environment is included in section 7.2 below.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £32,000 (2019: £34,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

The scope of the Group audit is as follows:

- Full scope audit by the Group audit team for the UK and US components; and
- Full scope audit by a component audit team for all companies and branches registered in Hong Kong, China and Taiwan (North Asia component).

These components account for 90% of Group revenue (2019: 92%). Our audit work at the components was executed at levels of materiality applicable to each individual entity that were lower than Group materiality and ranged from £320,000 to £680,000 (2019: £340,000 to £722,500).

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

7.2 Our consideration of the control environment

Our audit for the period identified a number of control deficiencies, including repeat deficiencies from prior years. The nature of these deficiencies primarily related to the precision of management review controls in respect of cash flow forecasting and impairment reviews, controls over information used in a control, oversight of overseas locations, and controls around posting of journals.

These deficiencies also contributed to a number of misstatements identified during the FY20 audit. The most significant findings related to areas identified as key audit matters: going concern, impairment of non-current assets, and the implementation of IFRS 16, which are discussed above. All material misstatements were corrected with certain misstatements remaining uncorrected, which individually, and in aggregate, are not material.

We reported all of our findings and observations on internal controls to the Audit Committee, together with recommendations for improvement.

We identified the main finance systems, the UK stock systems and the UK in-store till systems as the key IT systems relevant to our audit. A number of IT control deficiencies were identified in prior audit engagements which remain unresolved, primarily relating to access and segregation of duties. As a result of these findings we did not plan to rely on testing controls in our audit approach, consistent with prior period audits.

As described by in the Corporate Governance section on page 32, the Board has commenced a business systems review to ensure that the business systems in place to support the Group remain appropriate. As a result of the deficiencies in IT controls and the business process controls summarised above we extended the scope of our substantive audit procedures in response to the identified deficiencies.

7.3 Working with other auditors

The audit team has overseen the work of the component auditor in North Asia through regular calls, including a detailed planning call to set out our expectations, remote review of working papers and virtual attendance at the close meeting with local management.

8. OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. RESPONSIBILITIES OF DIRECTORS

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

12. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

12.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

12.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of these matters.

13. 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.

Delyth Jones
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
5 October 2020

Group income statement

52 weeks ended 28 March 2020

	Note	52 weeks ended 28 March 2020 £'000	Restated* 53 weeks ended 30 March 2019 £'000
Revenue	5	149,321	166,268
Cost of sales		(58,203)	(63,984)
Gross profit		91,118	102,284
Impairment charge related to property, plant and equipment	7	(7,143)	(795)
Impairment charge related to right-of-use assets	7	(24,947)	–
Other operating expenses	8	(103,141)	(107,378)
Other operating income	5	1,093	909
Operating loss		(43,020)	(4,980)
Share of results of associates	20	49	90
Finance income	11	83	140
Finance expense	12	(4,978)	(258)
Loss before tax		(47,866)	(5,008)
Tax	13	998	157
Loss for the period		(46,868)	(4,851)
Attributable to:			
Equity holders of the parent		(44,136)	(2,479)
Non-controlling interests		(2,732)	(2,372)
Loss for the period		(46,868)	(4,851)
Basic loss per share	15	(78.9p)	(8.2p)
Diluted loss per share	15	(78.9p)	(8.2p)

All activities arise from continuing operations.

* For the 53 weeks ended 30 March 2019 licence income of £471,000 was netted against Other operating expenses and is now included within Other operating income.

Group statement of comprehensive income

52 weeks ended 28 March 2020

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Loss for the period	(46,868)	(4,851)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	608	151
Profit/(loss) on cash flow hedges	123	(3)
Income tax relating to items that may be classified subsequently to profit or loss	(129)	(30)
Total comprehensive expense for the period	(46,266)	(4,733)
Attributable to:		
Equity holders of the parent	(43,291)	(2,394)
Non-controlling interests	(2,975)	(2,339)
Total comprehensive expense for the period	(46,266)	(4,733)

Group balance sheet

52 weeks ended 28 March 2020

	Note	28 March 2020 £'000	30 March 2019 £'000
Non-current assets			
Intangible assets	16	14,701	13,970
Property, plant and equipment	17	16,953	26,171
Right-of-use assets	19	45,920	–
Interests in associates	20	187	337
Deferred tax asset	24	1,488	1,102
		79,249	41,580
Current assets			
Inventories	21	34,853	39,740
Trade and other receivables	22	11,075	13,688
Current tax asset		420	1,785
Cash and cash equivalents	22	7,998	12,377
		54,346	67,590
Total assets		133,595	109,170
Current liabilities			
Trade and other payables	25	(21,955)	(23,984)
Lease liabilities	26	(15,329)	–
Borrowings	23	(3,424)	(2,709)
		(40,708)	(26,693)
Net current assets		13,638	40,897
Non-current liabilities			
Lease liabilities	26	(76,775)	–
Borrowings	23	(2,591)	(1,770)
		(79,366)	(1,770)
Total liabilities		(120,074)	(28,463)
Net assets		13,521	80,707
Equity			
Share capital	27	3,004	3,002
Share premium account		12,160	12,072
Own share reserve	28	(1,061)	(1,378)
Capital redemption reserve	28	154	154
Cash flow hedge reserve	28	–	(100)
Foreign exchange reserve	28	1,323	821
Retained earnings		1,761	67,555
Equity attributable to holders of the parent		17,341	82,126
Non-controlling interests	29	(3,820)	(1,419)
Total equity		13,521	80,707

The financial statements of Mulberry Group plc (Company number 01180514) were approved by the Board of Directors and authorised for issue on 5 October 2020.

They were signed on its behalf by:

Thierry Andretta
Director

Charles Anderson
Director

Group statement of changes in equity

At 28 March 2020

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemption reserve £'000	Cash flow hedge reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Balance at 24 March 2018	3,001	11,961	(1,388)	154	(98)	701	73,165	87,496	747	88,243
Loss for the period	–	–	–	–	–	–	(2,479)	(2,479)	(2,372)	(4,851)
Other comprehensive (expense)/income for the period	–	–	–	–	(2)	87	–	85	33	118
Total comprehensive (expense)/income for the period	–	–	–	–	(2)	87	(2,479)	(2,394)	(2,339)	(4,733)
Issue of share capital	1	111	–	–	–	–	–	112	–	112
Credit for employee share-based payments (note 31)	–	–	–	–	–	–	(138)	(138)	–	(138)
Exercise of share options	–	–	–	–	–	–	(23)	(23)	–	(23)
Own shares	–	–	10	–	–	–	–	10	–	10
Adjustment arising from movement in non-controlling interests (note 29)	–	–	–	–	–	33	–	33	173	206
Dividends paid (note 14)	–	–	–	–	–	–	(2,970)	(2,970)	–	(2,970)
Balance at 30 March 2019	3,002	12,072	(1,378)	154	(100)	821	67,555	82,126	(1,419)	80,707
Impairment on IFRS 16 transition	–	–	–	–	–	–	(17,770)	(17,770)	–	(17,770)
Loss for the period	–	–	–	–	–	–	(44,136)	(44,136)	(2,732)	(46,868)
Other comprehensive income/(expense) for the period	–	–	–	–	100	745	–	845	(243)	602
Total comprehensive income/(expense) for the period	–	–	–	–	100	745	(44,136)	(43,291)	(2,975)	(46,266)
Issue of share capital	2	88	–	–	–	–	–	90	–	90
Credit for employee share-based payments (note 31)	–	–	–	–	–	–	(24)	(24)	–	(24)
Impairment of shares in trust	–	–	317	–	–	–	(317)	–	–	–
Non-controlling interest foreign exchange	–	–	–	–	–	(243)	–	(243)	–	(243)
Adjustment arising from movement in non-controlling interests (note 29)	–	–	–	–	–	–	(574)	(574)	574	–
Dividends paid (note 14)	–	–	–	–	–	–	(2,973)	(2,973)	–	(2,973)
Balance at 28 March 2020	3,004	12,160	(1,061)	154	–	1,323	1,761	17,341	(3,820)	13,521

Group cash flow statement

52 weeks ended 28 March 2020

	Note	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Operating loss for the period		(43,020)	(4,980)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	17	13,627	6,999
Depreciation and impairment of right-of-use assets	19	41,551	–
Amortisation of intangible assets	16	1,165	1,081
(Loss)/profit on sale of property, plant and equipment and right-of-use assets		(16)	396
Share-based payments credit	31	(24)	(138)
Operating cash inflows before movements in working capital		13,283	3,358
Decrease in inventories		5,006	7,714
Decrease in receivables		1,560	1,541
Increase/(decrease) in payables		1,848	(6,682)
Cash generated from operations		21,697	5,931
Income taxes received/(paid)		1,847	(1,730)
Interest paid		(4,978)	(258)
Net cash inflow from operating activities		18,566	3,943
Investing activities:			
Interest received and gains on foreign exchange contracts		83	140
Purchases of property, plant and equipment		(5,121)	(9,455)
Proceeds from disposal of property, plant and equipment		39	60
Acquisition of intangible assets		(1,728)	(2,234)
Acquisition of subsidiary		–	(5,741)
Net cash used in investing activities		(6,727)	(17,230)
Financing activities:			
Dividends paid	14	(2,973)	(2,970)
Proceeds on issue of shares		2	1
Increase in loans from non-controlling interests	23	783	1,771
Increase in loans from related parties	23	1,707	–
Investment from non-controlling interests		–	173
New borrowings	23	–	1,231
Repayment of loans from non-controlling interests	23	(1,090)	–
Repayment of borrowings	23	(566)	–
Principal elements of lease payments		(14,257)	–
Settlement of share awards		–	(23)
Net cash used in financing activities		(16,394)	183
Net decrease in cash and cash equivalents		(4,555)	(13,104)
Cash and cash equivalents at beginning of period		12,377	25,071
Effect of foreign exchange rate changes		176	410
Cash and cash equivalents at end of period	22	7,998	12,377

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the Consolidated balance sheet position as shown above. Cash and cash equivalents does not include bank overdrafts that are not integral to the cash management of the group.

1. GENERAL INFORMATION

Mulberry Group plc is a public company, limited by shares, incorporated in the United Kingdom under the Companies Act, and is registered in England and Wales. The address of the registered office is given on page 3. The nature of the Group's operations and its principal activities are set out in note 6 and in the Strategic report.

These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. ADOPTION OF NEW AND REVISED STANDARDS

IFRS 16 Leases

In the current period the Group has applied IFRS 16 Leases as issued by the International Accounting Standards Board (IASB) in January 2016 that is effective for an accounting period that begins on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. Details of these new requirements are described in note 3. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below. The date of initial application of IFRS 16 for the Group is 31 March 2019.

The Group has applied IFRS 16 using the modified retrospective approach where right-of-use assets equal lease liabilities at the date of transition and accordingly there is no restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

(a) Impact on the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 31 March 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on risks and rewards in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 31 March 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

- recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- recognises depreciation of right-of-use assets and interest on lease liabilities in the Group income statement;
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Group cash flow statement.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other operating expenses in profit or loss.

The Group has used the following practical expedients when applying the modified retrospective approach to leases previously classified as operating leases applying IAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 30 March 2019 is 4.38%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 30 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	£'000
Operating lease commitments at 30 March 2019	126,761
Short-term leases and leases of low-value items	(2,297)
Minimum lease payments not included in commitments	11,340
Contracts deemed IFRS 16 leases not previously treated as a lease commitment	1,790
Effect of discounting the above amounts	(23,949)
Lease liabilities recognised 31 March 2019	113,645

The Group has recognised £111,181,000 of right-of-use assets and £113,645,000 of lease liabilities upon transition to IFRS 16. See note 19 for further details of the impact on the balance sheet.

Additionally, the Group has assessed that the right-of-use assets of five stores were impaired upon transition with a value of £17,770,000. The impact of the adoption of IFRS 16 on the Group balance sheet is shown in note 19.

Other amendments to standards

In the current period, the Group has applied a number of amendments to IFRS Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The Group has adopted the amendments to IAS 28 for the first time in the current period. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Group does not take account of any adjustments to the carrying amount of long-term interests required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The Group has adopted the amendments included in the Annual Improvements to IFRS Standards 2015–2017 Cycle for the first time in the current period. The Annual Improvements include amendments to four standards.

IAS 12 Income Taxes

The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations

The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest ("PHI") in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

IFRIC 23 Uncertainty over Income Tax Treatments

The Group adopted IFRIC 23 Uncertainty over Income Tax Treatments, for the period commencing 31 March 2019. This interpretation clarifies the accounting for uncertainties in income tax positions. IFRIC 23 requires the Group to measure the effect of uncertainty on income tax positions using either the most likely amount or the expected value amount depending on which method is expected to better reflect the resolution of the uncertainty. The adoption of IFRIC 23 has not had any impact on the financial statements.

New and revised IFRS Standards in issue but not yet effective

At the date of approval of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

Interbank offered rates ("IBOR") reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as GBP London Inter Bank Offered Rates ("LIBOR") and other IBORs has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes. The Group's most significant risk exposure affected by these changes relates to the interest payable on its revolving credit facility.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with IFRSs adopted by the European Union.

For the period ended 28 March 2020, the financial period runs for the 52 weeks to 28 March 2020 (2019: 53 weeks ended 30 March 2019).

The financial statements are prepared under the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below. The principal accounting policies adopted are set out below.

Comparative balances

Certain reclassifications have been made to the comparative Group Income Statement for the 53 week period ended 30 March 2019. Licence income of £471,030 was reclassified from other operating expenses to other operating income. The amendments were made in order for the comparative to be consistent with the classification for the 52 week period ended 28 March 2020. The reclassification had no impact on the operating loss for the 53 week period ended 30 March 2019.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' report.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the Saturday closest to 31 March each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the Consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

In the event of a change in proportionate share of a non-controlling interest, this is accounted for as adjustment to retained earnings.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through the participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit or loss in the period of acquisition.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and any recognised impairment loss. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. Assets in the course of construction are carried at cost less any recognised impairment loss.

Lease costs comprise the lease premium and related costs associated with the Group's Paris store. The costs relating to the store at 275 Rue Saint-Honoré are not being amortised but are subject to annual impairment review. The intangible is considered to have an indefinite economic life because it is associated with the location of the store. The value is supported by an annual external valuation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Included in software is computer software, and website and omni-channel development costs which are amortised over the estimated useful life of the asset (typically four to five years). Computer software which is considered integral to an item of hardware is included as property, plant and equipment.

Goodwill

Acquired goodwill is not amortised, and is subject to impairment review at each reporting date. Goodwill acquired through business combinations has been allocated to separate CGUs based on the acquisition date on which the goodwill arose, as they are monitored at this level by the Board.

Property, plant and equipment, and right-of-use assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and any recognised impairment loss. Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees incurred directly in relation to construction of assets.

Depreciation is charged to write off the cost or valuation of assets less their residual value over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	4% to 5%
Short leasehold land and buildings, and right-of-use assets	Over the term of the lease
Fixtures, fittings and equipment	10% to 50%
Plant and equipment	14% to 25%
Motor vehicles	25%

Freehold land and assets under the course of construction are not depreciated. Depreciation on assets commences when the assets are ready for intended use.

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

Impairment of goodwill, tangible, intangible and right-of-use assets

The Group reviews the carrying amounts of its goodwill, tangible, intangible and right-of-use assets annually (or more frequently if there are indications that assets might be impaired), to determine whether there is any indication that those assets have suffered an impairment loss. For store fit out costs, these reviews are undertaken after the store has been trading for one year.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior periods.

In light of the implementation of IFRS 16 and the fundamental impact it has had on the way the Group's asset base for impairment is composed, changes resulting in from the new impairment methodology have been treated as a transition adjustment. As a result, day one impairment of newly recognised right-of-use assets resulting from the application of IAS 36 on transition falls within the definition above and are therefore recorded within opening retained earnings at the date of transition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. For internally manufactured inventory, cost comprises materials, direct labour costs, design costs and other overheads incurred in bringing the inventories to their current location and condition. Cost is calculated using the standard cost method. For product manufactured by third parties, cost includes product purchase price plus design and associated inward transportation costs. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Taxation

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

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

The Group measures the effect of uncertainty on income tax positions using either the most likely amount or the expected value amount depending on which method is expected to better reflect the resolution of the uncertainty.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Group has applied IFRS 16 using the modified cumulative retrospective approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

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

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

In the event that any leases include a break clause, in calculating the value of right-of-use assets and corresponding lease liabilities, the Group assumes that the break clause will be exercised at the first available opportunity. The Board re-evaluates all leases at the occurrence of a possible break and would only sanction the continuation of a lease beyond the break point based on the circumstances prevailing at that time. The continuation of a lease beyond a break clause would be treated as a new lease at that date.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the property, plant and equipment, and right-of-use assets accounting policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in other operating expenses in profit or loss (see note 19).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

In accordance with IFRS 16.7, which states that *"If a lessee elects to apply this Standard in accordance with paragraph C5(b) (which is the modified simple approach adopted by Mulberry), the lessee shall not restate comparative information. Instead, the lessee shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application."*

In light of the implementation of the new leasing standard and the fundamental impact it has had on the way the Group's asset base for impairment is composed, changes resulting in from the new impairment methodology have been treated as a transition adjustment under IFRS 16, which follows guidance under IAS8. As a result, day one impairment of newly recognised right-of-use assets resulting from the application of IAS 36 on transition falls within the definition above and are therefore recorded within opening retained earnings at the date of transition.

Policy applicable prior to 31 March 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Contingent lease rentals arising under operating leases are recognised as an expense in the period in which they are incurred. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and where it is probable that an outflow will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Share-based payments

The Group issues equity-settled share-based payments to certain employees and a non-employee. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the proportion of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, performance conditions, exercise restrictions and behavioural considerations.

Retirement benefit costs

The Group operates a defined contribution pension scheme. Payments to employees' personal pension plans are charged as an expense as they fall due. Differences between contributions payable in the period and contributions actually paid are shown as accruals in the balance sheet.

Revenue recognition

Revenue is measured at the fair value of the consideration received and represents amounts receivable for goods provided in the normal course of business, net of discounts, returns VAT and other sales-related taxes and intra-group transactions.

Revenue is recognised when the Group has distinguished its primary performance obligation.

Own store revenue

Own store revenue from the provision of sale of goods is recognised at the point of sale of a product to the customer. Own store sales are settled in cash or by credit or payment card. It is the Group's policy to sell its products to the customer with a right to exchange or full refund within 30 days for full priced goods and 14 days for sale goods subject to discretionary extension. Provisions are made for own store returns based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned.

Digital revenue

Digital revenue from the provision of sale of goods is recognised at the point the control of inventory is passed to the customer which is when the goods are received by the customer. Digital revenues are settled by credit or payment card. It is the Group's policy to sell its products to the customer with a right to exchange or full refund within 30 days for full priced goods and 14 days for sale items subject to discretionary extension. Provisions are made for digital returns based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned.

Wholesale revenue

Wholesale revenues from the sale of goods are recognised at the point that control of the inventory has passed to the customer, which depends on the specific terms and conditions of sales transactions and which is either upon collection from the Group's distribution centre or delivery of the goods to the location specified in the contract. Revenues are settled in cash, net of discounts. Provisions are made for wholesale credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Repair revenue

Repair revenue from the provision of a repair service is recognised at the point the control of inventory is passed to the customer, which is when the repaired goods are received by the customer.

Gift cards

The Group sells gift cards and similar products to customers, which can be redeemed for goods, up to the value of the card, at a future date. Revenue relating to gift cards is recognised when the card is redeemed, up to the value of the redemption. Unredeemed amounts on gift cards are classified as contract liabilities. Typically, the Group does not expect to have significant unredeemed amounts arising on its gift cards.

Royalty and licence income

The Group receives royalty and licence income from its three partners based on specific agreements in place. The income is recognised based on the specific performance obligations within the agreements. This income is recognised within other income as it does not relate to consideration for goods supplied to customers.

Finance income

Finance income comprises interest receivable on funds invested and cash deposits. Finance income is recognised in the Group statement of comprehensive income using the effective interest rate method.

Finance expenses

Finance expenses comprise interest payable on revolving credit facility, overdrafts, loans received from related parties and lease liabilities. Finance expenses are recognised in the Group statement of comprehensive income using the effective interest method.

Operating profit

Operating profit is stated before the share of results of associates, finance income and finance expense.

Alternative performance measures

The alternative performance measure ("APM") used by the Group is adjusted (loss)/profit before tax.

In reporting financial information, the Group presents an APM, which is not defined or specified under the requirements of IFRS. The Group believes that this APM, which is not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. This APM is consistent with how the business performance is planned and reported within the internal management reporting to the Board of Directors. This measure is also used for the purpose of setting remuneration targets.

The Group makes certain adjustments to the statutory profit or loss measures in order to derive the APM. Adjusting items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the performance of the Group's ongoing business. Generally, this will include those items that are largely one-off and material in nature as well as income or expenses relating to acquisitions or disposals of businesses or other transactions of a similar nature. Treatment as an adjusting item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group.

Adjusting items are identified and presented on a consistent basis each period and a reconciliation of reported loss before tax to adjusted (loss)/profit before tax is included in note 7.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Group financial statements, the results and financial position of each Group Company are expressed in pounds Sterling, which is the functional currency of the Company and the presentation currency for the Group financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period and are included in the same line item as other movements in monetary balances. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in Other comprehensive income.

For the purposes of presenting the Group financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign exchange reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Derivative financial instruments and hedge accounting

Derivative financial instruments ("derivatives") are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced raw materials and finished products. The Group does not enter into derivatives for speculative purposes. Foreign currency derivatives are stated at their fair value, being the estimated amount that the Group would receive or pay to terminate them at the balance sheet date based on prevailing foreign currency rates.

Foreign currency derivatives

Hedge accounting has not been applied to any of the derivatives outstanding at period end. However, for the prior period, the following accounting policy was applied.

Changes in the fair value of foreign currency derivatives, which are designated and effective as hedges of future cash flows, are recognised in equity in the cash flow hedge reserve, and subsequently transferred to the carrying amount of the hedged item or the income statement. Realised gains or losses on cash flow hedges are therefore recognised in the income statement in the same period as the hedged item. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument previously recognised in equity is retained in equity until the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is then transferred to the income statement.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates derivatives as hedges of highly probable forecast transactions unless they contain an option element.

Changes in the fair value of foreign currency derivatives which are ineffective or do not meet the criteria for hedge accounting in IAS 39 are recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

The Group uses the simplified approach to impairment and financial assets, including trade receivables, are initially recognised at fair value when the entity becomes a party to the contractual provisions of the instrument, and subsequently at amortised cost after recognising a lifetime loss allowance.

Trade receivables do not carry any interest.

Derecognition of financial assets

The Group derecognises financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the asset to another entity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Subsequent to initial recognition, all financial liabilities are stated at fair value and subsequently at amortised cost.

Trade payables

Trade payables are not interest-bearing and are stated at their amortised cost.

Derecognition of financial liabilities

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

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the fair value of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis against profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Government grants for the Coronavirus Job Retention Scheme ("CJRS")

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The value is included in other income.

The Group was entitled to claim under the CJRS scheme for employees who were furloughed during the period of enforced lockdown in the UK. Grant income has been included in other operating income (see note 5).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Alternative performance measures

In reporting financial information, the Group presents Alternative Performance Measures ("APMs"), which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board of Directors. Some of these measures are also used for the purpose of setting remuneration targets.

The Group makes certain adjustments to the statutory profit or loss measures in order to derive APMs. Adjusting items are those items which, in the opinion of the directors, should be excluded in order to provide a consistent and comparable view of the performance of the Group's ongoing business. Generally, this will include those items that are largely one-off and material in nature as well as income or expenses relating to acquisitions or disposals of businesses or other transactions of a similar nature. Treatment as an adjusting item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group.

Adjusting items are identified and presented on a consistent basis each period and a reconciliation of adjusted profit or loss before tax is included in note 7.

Control over Mulberry Japan Co. Limited

Note 42 describes that Mulberry Japan Co. Limited is a subsidiary of the Group, which has a 50% ownership interest and 50% of the voting rights.

Based on the requirements of IFRS 10, the Directors of the Company are satisfied that the Group has control over Mulberry Japan Co. Limited and has therefore treated the entity as a subsidiary. Control is demonstrated both by the terms of the shareholders agreement and the relationship the Group has as the provider of distribution rights to Mulberry Japan Co. Limited, such that it has power over the entity, there is exposure to variable returns and there is a link between power and returns.

If this judgement changed, Mulberry Japan Co. Limited would be accounted for as an investment in an associate using the equity method of accounting, rather than as a subsidiary.

Going concern

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities and cash requirements together with factors likely to affect its performance and financial position, including the current and future anticipated impact of COVID-19.

As set out in the Directors' report, the Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic report on pages 8 to 22. The principal risks and uncertainties, including the mitigating actions which address these risks, are set out on pages 23 to 31.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

The key judgements in relation to the going concern assessment are in respect of the potential ongoing impact of COVID-19 on the Group. These include the timing of the Group's recovery to pre-COVID-19 trading levels and the likelihood and impact of further lockdowns, including their duration and the impact on consumer demand in the markets in which the Group operates. When making these judgements, the Directors considered trading levels in the period after the majority of the Group's stores re-opened, and the outlook for the Group against their detailed base case forecast. The Directors have also considered a further downside scenario and a reverse stress test scenario.

Transition adjustment on impairment of right-of-use assets

In light of the implementation of IFRS 16 and the fundamental impact it has had on the way the Group's asset base for impairment is composed, changes resulting from the new impairment methodology have been treated as a transition adjustment. As a result, day one impairment of newly recognised right-of-use assets resulting from the application of IAS 36 on transition falls within the definition above and are therefore recorded within opening retained earnings at the date of transition.

Impairment of newly recognised right-of-use assets resulting from the application of IAS 36 on transition falls within the definition above for the following stores, and are therefore recorded within opening retained earnings at the date of transition. The Directors have determined that this should be adopted for changes arising from the new impairment methodology for stores, which had impairment indicators at 30 March 2019, which includes Bond St, Cabazon, Yorkdale, PC Hooftstraat, and Paris and these have therefore been included in the transition adjustment as outlined above.

If this estimate changed, then up to £17,770,000 of impairment would be charged in the current period profit and loss account rather than being accounted for as part of retained earnings.

Key sources of estimation uncertainty

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

Incremental borrowing rate used to calculate right-of-use assets and lease liabilities

In the absence of the Group having a formal credit rating, and with lease liabilities exceeding the value of existing bank facilities, the Group has had to determine its incremental borrowing rate using synthetic means to determine a hypothetical credit score from which to estimate an appropriate incremental borrowing rate. As such, the assumptions used in determining such a credit score may be subject to challenge. The Directors have however sought professional advice in determining such synthetic interest rates. See notes 2, 19 and 26 for further details.

An increase/decrease of 30bps to the incremental borrowing rate would decrease/increase the value of right-of-use assets and lease liabilities by £800,000.

Impairment of property, plant and equipment, right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment if there are indicators of impairment that the carrying amount may not be recoverable.

When a review for impairment is conducted, the recoverable amount is determined based on the higher of value in use and fair value less costs to sell. The value in use method requires the Directors to determine appropriate assumptions (which are sources of estimation uncertainty) in relation to:

(i) the cash flow projections over the budgeted and forecast period of two further years and the long-term growth rate to be applied beyond this period; and

(ii) the risk-adjusted pre-tax discount rate used to discount the assumed cash flows to present value.

The Directors will assess the results of these valuation methods alongside their judgement of the future prospects in relation to that asset in order to determine whether to impair its carrying value.

A number of variables are involved in this assessment including current and future market conditions, cost of capital used in discounted cash flows, future long-term growth rate assumptions and underlying and price cost inflation factors.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

A future change to the free cash flow assumption for any cash generating unit ("CGU") could give rise to a significant impairment of property, plant and equipment. See notes 17 and 19 for further details on the Group's assumptions and associated sensitivities and reasonably possible changes.

Impairment of goodwill

Goodwill is reviewed annually for indicators of impairment that the carrying value may not be recoverable.

When a review for impairment is conducted, the recoverable amount is determined based on the higher of value in use and fair value less costs to sell. The value in use method requires the Directors to determine appropriate assumptions (which are sources of estimation uncertainty) in relation to:

(i) the cash flow projections over the budgeted and forecast period of two further years and the long-term growth rate to be applied beyond this period and

(ii) the risk-adjusted pre-tax discount rate used to discount the assumed cash flows to present value.

The Directors will assess the results of these valuation methods alongside their judgement of the future prospects in relation to that asset in order to determine whether to impair its carrying value.

A number of variables are involved in this assessment including current and future market conditions, cost of capital used in discounted cash flows, future long-term growth rate assumptions and underlying and price cost inflation factors.

A future change to the free cash flow assumption for any CGU could give rise to a significant impairment of goodwill. See note 16 for further details on the Group's assumptions and associated sensitivities and reasonably possible changes.

Deferred tax assets

Deferred tax assets have been recognised on tax recoverable on UK trading losses which are expected to be recovered against future taxable profits in the following three years, as well as on differences between carrying amounts of assets in the financial statements and the corresponding tax basis used in the computation of taxable profit. In the event that actual future taxable profits differ from current estimates, deferred tax assets may have been over or understated at 28 March 2020. See note 24 for further details.

An increase/decrease of 15% in Group revenue growth in the next three years would lead to an increase/decrease in deferred tax assets of £800,000.

5. TOTAL REVENUE

	52 weeks ended 28 March 2020 £'000	Restated * 53 weeks ended 30 March 2019 £'000
Revenue		
Sale of goods	149,321	166,268
Other operating income		
Licence income*	471	471
Royalty income	224	187
Other income(1)	398	251
	1,093	909
Finance income		
Interest income on cash balances	29	58
Other interest income	22	70
Gains on foreign exchange forward contracts	32	12
Total revenue and other income	150,497	167,317

(1) Included within Other income is £184,000 (2019: £nil) of grants receivable under HM Revenue & Customs Coronavirus Job Retention Scheme.

* For the 53 weeks ended 30 March 2019 licence income of £471,000 was netted against operating expenses and is now included in Other operating income.

The Group has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the Chief Operating Decision Maker in order to evaluate the financial performance of the Group.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM"), defined as the Board of Directors, to allocate resources to the segments and to assess their performance. Inter-segment pricing is determined on an arm's length basis. The Group also presents analysis by geographical destination and production.

(a) Business segment

The Group has identified one reportable segment.

The principal activities are as follows:

The accounting policies of the reportable segment are the same as described in the Group's financial statements. Information regarding the results of the reportable segment is included below. The distribution of product globally is monitored and optimised at a Group level and effected via the Group's distribution centres in the UK, North America and Asia. Performance for the segment is assessed based on operating (loss)/profit.

The Group designs, manufactures and manages the Mulberry brand for the segment and therefore the finance income and expense are attributable to this segment.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

Group income statement

	Note	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Revenue	5		
Retail		89,167	97,914
Digital		36,242	36,896
Wholesale		23,912	31,458
Total revenue		149,321	166,268
Cost of sales		(58,203)	(63,984)
Gross profit		91,118	102,284
Impairment charge relating to property, plant and equipment	7	(7,143)	(795)
Impairment charge relating to right-of-use assets	7	(24,947)	–
Other operating expenses	8	(103,141)	(107,378)
Other operating income	5	1,093	909
Operating loss		(43,020)	(4,980)
Share of results of associates	20	49	90
Finance income	11	83	140
Finance expense	12	(4,978)	(258)
Loss before tax		(47,866)	(5,008)
Tax	13	998	157
Loss for the period		(46,868)	(4,851)
Segment capital expenditure		6,401	11,907
Segment depreciation and amortisation		55,178	8,080
Segment assets		133,595	109,170
Segment liabilities		120,074	28,463

For the purposes of monitoring the segment performance and allocating resources between segments the Chief Operating Decision Maker, which is deemed to be the Board, monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to the reportable segment.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

(b) Geographical markets

	Sales revenue by geographical market[1]		Non-current assets by geographical market	
	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000	28 March 2020 £'000	30 March 2019 £'000
UK	98,813	114,455	65,449	24,974
Rest of Europe	19,584	22,751	9,749	10,035
Asia	21,407	18,606	3,259	5,671
North America	9,038	10,039	792	900
Rest of world	479	417	–	–
Total revenue	149,321	166,268	79,249	41,580

(1) Revenue by geographical market includes wholesale sales based on the location of the customer.

(c) Product categories

Leather accessories account for over 90% of the Group's revenues, of which bags represent over 70% of revenues. Other important product categories include small leather goods, shoes, soft accessories and women's ready-to-wear. Net asset information is not allocated by product category.

7. ALTERNATIVE PERFORMANCE MEASURES

A reconciliation of reported loss before tax to adjusted (loss)/profit before tax is set out below:

Reconciliation to adjusted (loss)/profit before tax:		52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Loss before tax		(47,866)	(5,008)
Restructuring costs		676	–
Store closure costs		886	–
Impairment charge related to property, plant and equipment		7,143	795
Impairment charge related to right-of-use assets		24,947	–
Bad debt and other expenses from House of Fraser administration		–	2,073
Write back of profit on re-acquired stock and set up costs relating to conversion of John Lewis to concession		–	1,323
Launch costs relating to Mulberry Korea		–	1,821
Adjusted (loss)/profit before tax – non-GAAP measure		(14,214)	1,004
Adjusted basic (loss)/earnings per share	15	(22.4p)	0.9p
Adjusted diluted (loss)/earnings per share	15	(22.4p)	0.9p

7. ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

In reporting financial information, the Group presents Alternative Performance Measures ("APM"s), which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board of Directors. Some of these measures are also used for the purpose of setting remuneration targets. The Group makes certain adjustments to the statutory profit or loss measures in order to derive APMs. Adjusting items are those items which, in the opinion of the directors, should be excluded in order to provide a consistent and comparable view of the performance of the Group's ongoing business. Generally, this will include those items that are largely one-off and material in nature as well as income or expenses relating to acquisitions or disposals of businesses or other transactions of a similar nature. Treatment as an adjusting item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group.

Restructuring costs

During the period, one-off charges of £676,000 were incurred relating to people restructuring costs.

Store closure costs

During the period, an international store was closed which had not been trading in line with expectations. Closure costs relate to lease exit and redundancy costs and net of a profit on disposal of right-of-use assets.

Impairment charge related to property, plant and equipment and right-of-use assets

The fixed assets and right-of-use assets of Retail stores are subject to impairment based on whether current or future events and conditions suggest that their recoverable amount may be less than their carrying value. The recoverable amount of each store is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates, management assumptions and estimates on future performance. The carrying value for each store is considered net of the carrying value of any cash contribution received in relation to that store. For impairment testing purposes, the Group has determined that each store is a separate CGU. Each CGU is tested for impairment if any indicators of impairment have been identified. The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows. Cash flows are discounted using the weighted average cost of capital ("WACC") and are modelled for each store through to their lease expiry or break date. No lease extensions have been assumed when forecasting. As a result of this assessment impairment charges of £7,143,000 (2019: £795,000) and £24,947,000 (2019: £nil) were recognised in the period against the property, plant and equipment and right-of-use assets respectively for the stores which are impaired.

Bad debt and other expenses from House of Fraser administration

In the prior year, a one-off expense of £2,073,000 was recognised when House of Fraser went into administration in August 2018, comprising bad debt expense and costs of recovering stock from House of Fraser premises.

Write back of profit on reacquired stock and set up costs relating to conversion of John Lewis to concession

In the prior year, a one-off expense of £1,323,000 was recognised on the write back of profit on reacquired stock and set up costs relating to the conversion of John Lewis from a wholesale customer to a concession.

Launch costs relating to Mulberry Korea

In the prior year, a one-off expense of £1,821,000 was recognised relating to marketing and other launch costs when the Group acquired control of Mulberry Korea Co., Ltd.

8. LOSS FOR THE PERIOD

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Loss for the period has been arrived at after charging/(crediting):		
Net foreign exchange loss	(796)	91
Amortisation of intangible assets (see note 16)	1,165	1,081
Depreciation of property, plant and equipment (see note 17)	6,484	6,204
Impairment of property, plant and equipment (see note 17)	7,143	795
Depreciation of right-of-use assets (see note 19)	16,604	–
Impairment of right-of-use assets (see note 19)	24,947	–
Write-downs of inventories recognised as an expense	1,003	458
Cost of inventories recognised as an expense	56,899	64,260
Staff costs (see note 10)	44,418	43,978
Store closure costs	886	–
Restructuring costs	676	–
Bad debt expense/(credit)	506	(53)
Bad debt and other expenses from House of Fraser administration	–	2,073
Write back of profit on reacquired stock and set up costs relating to conversion of John Lewis to concession	–	1,323
Launch costs relating to Mulberry Korea	–	1,821
(Profit)/loss on disposal of property, plant and equipment and right-of-use assets	(16)	395

9. AUDITOR'S REMUNERATION

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	140	75
Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries	276	200
Total audit fees	416	275
	£'000	**£'000**
Other taxation advisory services	26	40
Other services	6	–
Total non-audit fees	32	40

9. AUDITOR'S REMUNERATION (CONTINUED)

Included in the audit fee for the 52 weeks ended 28 March 2020 are additional audit fees in respect of the 53 weeks ended 30 March 2019 of £47,000.

Additional audit fees of £290,000 were agreed in respect of the audit for the 52 weeks ended 28 March 2020 which are not included in the disclosure above.

Deloitte LLP has not performed tax compliance services since 26 March 2017 for Mulberry Group plc in line with the ethical standard restrictions on use of auditors for non-audit services, but has provided tax compliance services to some non-UK subsidiary companies.

Tax services in both periods include advice in relation to international tax compliance.

10. STAFF COSTS

The average monthly number of employees (including Executive Directors and those on a part-time basis) was:

	52 weeks ended 28 March 2020 Number	53 weeks ended 30 March 2019 Number
Production	504	548
Sales and distribution	648	662
Administration	281	260
	1,433	1,470

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Their aggregate remuneration comprised:		
Wages and salaries	38,934	38,461
Social security costs	4,163	4,451
Other pension costs (see note 32)	1,345	1,204
Share-based payments (see note 31)	(24)	(138)
	44,418	43,978

Details of Directors' remuneration is set out in note 41.

11. FINANCE INCOME

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Gains on foreign exchange forward contracts	32	12
Other interest income	22	70
Interest income on cash balances	29	58
	83	140

12. FINANCE EXPENSE

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Interest on bank overdraft	114	77
Interest arising on adjustment from the hedged item in a designated fair value hedge accounting relationship	29	25
Interest on lease liabilities*	4,721	–
Other interest expense	29	135
Interest paid on loans from related parties	85	21
	4,978	258

* The Group has initially applied IFRS 16 at 31 March 2019, using the simplified modified retrospective transition approach. Under this approach, comparative information is not restated (see note 2).

13. TAX

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Current tax		
Corporation tax		
Current tax on income	(194)	738
Adjustments in respect of prior periods	(418)	(1,575)
Deferred tax (note 24)		
Origination and reversal of temporary differences	190	130
Adjustments in respect of prior periods	(576)	550
	(998)	(157)

The tax credit for the period can be reconciled to the loss per the Group income statement as follows:

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Loss before tax	(47,866)	(5,008)
Tax at the UK corporation tax rate of 19% (2019: 19%)	(9,095)	(952)
Tax effect of share of results of associate	13	(9)
Tax effect of expenses that are not deductible in determining taxable profit	1,400	575
Tax effect of differences in overseas tax base	(66)	(6)
Change in unrecognised deferred tax assets	7,749	1,087
Effect of different tax rates of subsidiaries operating in other jurisdictions	(27)	44
Effect of differences between deferred tax and current tax rates	22	129
Adjustments in respect of prior periods	(994)	(1,025)
Tax credit for the period	(998)	(157)

A current tax charge of £106,000 has been recognised directly in other comprehensive income in relation to foreign currency movements (2019: £31,000) and £23,000 (2019: £1,000 credit) in relation to losses on a hedge of a net investment (see note 28).

The Finance Act 2016 which was enacted on 15 September 2016 reduced the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and from 19% to 17% with effect from 1 April 2020. The Finance Act 2020 which was enacted on 22 July 2020 reversed the reduction to 17% so the main rate of corporation tax remains at 19% from 1 April 2020 and has also been set at 19% for the financial year 2021. Accordingly, UK deferred tax has been provided and recognised at the rates applicable to the periods in which temporary differences are expected to occur. The Directors are not aware of any other factors that will materially affect the future tax charge.

13. TAX (CONTINUED)

Deferred tax assets of £301,000 (2019: £1,102,000) have been recognised in respect of accelerated tax depreciation and short-term temporary differences, as set out in note 24.

Deferred tax assets are recognised for UK tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable, in line with the Group's three-year strategic plan. In the period to 28 March 2020, the Group recognised deferred tax assets of £1,187,000 (2019: £nil) in respect of losses that are expected to be set off against future taxable income. At 28 March 2020, the Group did not recognise deferred tax assets of £13,216,000 (2019: £879,000) in respect of current period losses and short-term timing differences of £69,557,000 (2019: £4,626,000) that can be set off against future taxable income. Total cumulative losses on which no deferred tax asset has been recognised are £93,300,000 (2019: £28,500,000). Deferred tax assets were not recognised due to the uncertainty of the timing of future taxable profits available to offset against these amounts.

The adjustments in respect of the prior period affecting current tax have primarily arisen on finalisation of corporation tax computations for the financial period ended 30 March 2019 when compared with the estimated tax provision previously calculated, and relate primarily to the finalisation of capital allowance computations, and disallowable entertaining and legal fees resulting in additional losses arising in the period offset within UK group companies. Deferred tax prior period adjustments are derived from the finalisation of capital allowances and the tax treatment of provisions.

The tax effect of expenses that are not deductible in determining taxable profits relate mainly to non-qualifying deprecation, impairments, disallowable entertaining and share-based payments.

14. DIVIDENDS

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Dividend for the period ended 30 March 2019 of 5p (2018: 5p) per share paid on 21 November 2019	2,973	2,970
Proposed dividend for the period ended 28 March 2020 of nil (2019: 5p) per share	–	2,970

15. EARNINGS PER SHARE ("EPS")

	52 weeks ended 28 March 2020 pence	53 weeks ended 30 March 2019 pence
Basic loss per share	(78.9)	(8.2)
Diluted loss per share	(78.9)	(8.2)
Adjusted basic (loss)/earnings per share	(22.4)	0.9
Adjusted diluted (loss)/earnings per share	(22.4)	0.9

Earnings per share is calculated based on the following data:

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Loss for the period for basic and diluted earnings per share	(46,868)	(4,851)
Adjusting items:		
Restructuring costs*	584	–
Store closure costs	886	–
Impairment relating to retail assets	7,143	795
Impairment charge related to right-of-use assets	24,947	–
Bad debt and other expenses from House of Fraser administration*	–	1,679
Write back of profit on re-acquired stock and set up costs relating to conversion of John Lewis to concession*	–	1,072
Korea launch costs	–	1,821
Adjusted (loss)/profit for the period for basic and diluted earnings per share	(13,308)	516

* These items are included net of £92,000 (2019: £394,000) of the corresponding tax credit.

	52 weeks ended 28 March 2020 million	53 weeks ended 30 March 2019 million
Weighted average number of ordinary shares for the purpose of basic EPS	59.4	59.4
Effect of dilutive potential ordinary shares: share options	–	0.3
Weighted average number of ordinary shares for the purpose of diluted EPS	59.4	59.7

The weighted average number of ordinary shares in issue during the period excludes those held by the Mulberry Group plc Employee Share Trust. Please refer to note 28.

16. INTANGIBLE ASSETS

	Goodwill £'000	Software £'000	Lease costs £'000	Total £'000
Cost				
At 25 March 2018	–	13,151	8,071	21,222
Additions	–	2,235	–	2,235
Acquisition of subsidiaries	2,629	–	–	2,629
Disposals	–	(13)	–	(13)
Foreign currency translation	(91)	(1)	(70)	(162)
At 30 March 2019	2,538	15,372	8,001	25,911
Additions	–	1,583	–	1,583
Disposals	–	–	–	–
Foreign currency translation	(7)	19	306	318
At 28 March 2020	2,531	16,974	8,307	27,812
Amortisation				
At 25 March 2018	–	10,860	–	10,860
Charge for the period	–	1,081	–	1,081
Disposals	–	–	–	–
Foreign currency translation	–	–	–	–
At 30 March 2019	–	11,941	–	11,941
Charge for the period	–	1,165	–	1,165
Disposals	–	–	–	–
Foreign currency translation	–	5	–	5
At 28 March 2020	–	13,111	–	13,111
Carrying amount				
At 28 March 2020	2,531	3,863	8,307	14,701
At 30 March 2019	2,538	3,431	8,001	13,970
At 24 March 2018	–	2,291	8,071	10,362

Goodwill

Goodwill represents the opportunity to grow by utilising an established distribution network in Korea. The recoverable amount of the goodwill is determined based on a value in use calculation which uses cash flow projections based on financial projections approved by the Directors covering a two year period, and using a pre-tax discount rate of 15% per annum. Acquired goodwill is regarded as having an indefinite life and under IAS 36 is not subject to amortisation but is subject to annual tests for impairment.

16. INTANGIBLE ASSETS (CONTINUED)

Key assumptions used in value in use calculations

Existing goodwill of £2.6m (2019: £2.6m) is wholly attributable to the acquisition of the Korea business. The recoverable amount of goodwill is determined based on a value in use calculation for the individual stores (CGUs) and online sales from the business using cash flow projections to March 2023 from financial budgets approved by the Board. The pre-tax discount rate applied to cash flow projections is 15% and cash flows up to March 2023 are between 13 and 18%, and beyond March 2023 are extrapolated using a 2% long-term growth rate.

The discount rate calculation is based on the specific circumstances of the Korea business and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity where the cost of equity is derived from the expected return on investment by the Group's investors and the cost of debt is based on the interest bearing borrowings the Group is obliged to service.

Based on these projections and corresponding discounted cash flows no impairment of goodwill was indicated at 28 March 2020 (2019: £nil).

Sensitivity to changes in assumptions

With regard to the assessment of value in use, a change in any of the above key assumptions could have a material impact on the carrying value of the cash generating unit. A decrease in the short-term growth rate is also a reasonably possible change in a key assumption A 12% decrease in the short-term growth rate (revenue over three years) or an 80% increase in discount rate would result in a reduction in the headroom from £2.3m to £nil. This is considered a reasonably possible change.

Software

At 28 March 2020, the Group had entered into contractual commitments for the acquisition of software of £59,000 (2019: £347,000). Included within software is £258,000 of projects still in development, where amortisation will not commence until the projects are complete and the assets come into use (2019: £397,000). The carrying value of website development costs within software is £2,039,000 (2019: £1,611,000). The estimated useful life of such assets is estimated as four to five years.

Lease costs

Lease costs comprise the lease premium and related costs associated with the Group's Paris store and are recorded at historic cost with no amortisation charge. Recoverable amounts are confirmed by an annual third-party valuation of the lease premium.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 25 March 2018	12,123	22,270	9,566	30,611	50	74,620
Additions	38	3,694	965	4,975	–	9,672
Acquisition of subsidiaries	–	1,550	–	367	–	1,917
Disposals	(3)	(1,696)	(908)	(1,475)	–	(4,082)
Foreign currency translation	–	498	34	256	–	788
At 30 March 2019	12,158	26,316	9,657	34,734	50	82,915
Additions	168	1,402	579	2,669	–	4,818
Disposals	(2)	(7,923)	(589)	(9,791)	(18)	(18,323)
Foreign currency translation	–	787	44	908	–	1,739
At 28 March 2020	12,324	20,582	9,691	28,520	32	71,149
Accumulated depreciation and impairment						
At 25 March 2018	3,886	18,166	6,506	24,041	50	52,649
Charge for the period	423	1,858	1,138	2,785	–	6,204
Impairment charge	–	735	1	59	–	795
Disposals	(2)	(1,475)	(874)	(1,285)	–	(3,636)
Foreign currency translation	–	457	32	243	–	732
At 30 March 2019	4,307	19,741	6,803	25,843	50	56,744
Charge for the period	431	1,712	1,166	3,175	–	6,484
Impairment charge	–	3,802	86	3,255	–	7,143
Disposals	–	(7,777)	(559)	(9,272)	(18)	(17,626)
Foreign currency translation	–	644	37	770	–	1,451
At 28 March 2020	4,738	18,122	7,533	23,771	32	54,196
Carrying amount						
At 28 March 2020	7,586	2,460	2,158	4,749	–	16,953
At 30 March 2019	7,851	6,575	2,854	8,891	–	26,171
At 24 March 2018	8,237	4,104	3,060	6,570	–	21,971

Included within the table above are the following assets under the course of construction which are not being depreciated:

At 28 March 2020	–	–	32	42	–	74
At 30 March 2019	–	243	404	63	–	710

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group has the following contractual commitments:

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
At 30 March 2020	–	–	7	4	–	11
At 28 March 2019	–	349	30	94	–	473

Freehold land of £2,029,000 (2019: £2,029,000) and store fixtures and fittings of £325,000 which were not in use have not been depreciated.

The Group reviews property, plant and equipment at each reporting period end for indicators of impairment. Where indicators of impairment are identified, the recoverable amounts of the cash generating units ("CGU") are determined from value in use calculations and are compared to the assets' carrying values at 28 March 2020. For the period ended 28 March 2020 the Group reviewed the property, plant and equipment in all of its retail stores.

During the period, an impairment charge of £7,143,000 (2019: £795,000) was identified as part of the Directors' impairment review of the retail store assets relating to 40 stores across the Group portfolio. This was principally caused by reductions in trading performance in the current year compared to budget and uncertainty of the impact of COVID-19 on future trading. In the prior period one store was impaired. The total recoverable amount for these stores at the balance sheet date is considered to be £1,630,000 (2019: £nil).

The key assumptions for the value in use calculations are those regarding the post-tax discount rates, and long-term growth rates. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The cash flow projections were based on the most recent financial budgets, and the Board approved three year strategic plan, and thereafter a nominal growth rate is used.

With regard to the assessment of value in use, a change in any of the above key assumptions could have a material impact on the carrying value of the cash generating unit. A 10% decrease in revenue would result in a reduction in the head room of between £0.5m to £0.6m (2019: £nil). This is also a reasonably possible change in the key assumption.

The growth rates reflect expectations of future changes in the market. In years four and five this is 3%, and after five years this rate reduces to 2%, being the approximate average long term growth rate for the relevant markets. A 10% decrease in the long term growth rate would result in a reduction in headroom of up to £0.1m. This is considered a reasonably possible change in the key assumption.

The pre-tax discount rates used in these calculations were between 10.0% and 12.1% (2019: 11.5% and 13.9%). This is based on the Group's weighted average cost of capital adjusted for country specific risks. A 10% increase in the discount rate would result in a reduction in head room of up to £0.3m. This is also a reasonable possible change in the key assumption.

18. SUBSIDIARIES

A list of the investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 42 to the Company's separate financial statements.

19. RIGHT-OF-USE ASSETS

	Short leasehold land and buildings £'000	Fixtures fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 31 March 2019 – initial application of IFRS 16	110,969	124	88	111,181
Additions	3,920	–	–	3,920
Modifications	(8,167)	–	–	(8,167)
Disposals	(2,810)	–	–	(2,810)
Foreign currency translation	1,357	–	–	1,357
At 28 March 2020	105,269	124	88	105,481
Depreciation				
At 31 March 2019	–	–	–	–
Impairment on transition to IFRS 16	(17,770)	–	–	(17,770)
Charge for the period	(16,523)	(46)	(35)	(16,604)
Impairment charge for the period	(24,947)	–	–	(24,947)
Foreign currency translation	(240)	–	–	(240)
At 28 March 2020	(59,480)	(46)	(35)	(59,561)
Carrying amount				
At 28 March 2020	45,789	78	53	45,920
At 30 March 2019	–	–	–	–

The Group leases several assets including buildings, office equipment and cars. The average lease term is four years.

The maturity of lease liabilities is presented in note 26.

The Group reviews right-of-use assets at each reporting period end for indicators of impairment. Where indicators of impairment are identified, the recoverable amounts of the cash generating units ("CGU") are determined from value in use calculations and are compared to the assets' carrying values at 28 March 2020. For the period ended 28 March 2020 the Group reviewed the right-of-use assets for all its retail stores at 31 March 2019, the date of transition to IFRS 16, and the period end 28 March 2020.

The Group recognised an impairment of £17,770,000 on five stores on transition to IFRS 16. During the period, an additional impairment charge of £24,947,000 was identified as part of the Directors' impairment review of 40 retail store assets. This was principally caused by reductions in trading performance in the current year compared to budget and uncertainty of the impact of COVID-19 on future trading.

The key assumptions for the value in use calculations are those regarding the post tax discount rates, and sales growth rates. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The cash flow projections were based on the most recent financial budgets, and the Board approved three year strategic plan, and thereafter a nominal growth rate is used.

19. RIGHT-OF-USE ASSETS (CONTINUED)

With regard to the assessment of value in use, a change in any of the above key assumptions could have a material impact on the carrying value of the cash generating unit. A 10% decrease in revenue would result in an increase in the impairment charge of between £3.0m to £4.0m. This considered a reasonably possible change in the key assumption.

The growth rates reflect expectations of future changes in the market. After five years this rate reduces to 2%, being the approximate average long term growth rate for the relevant markets. A 10% decrease in the long term growth rate would result in an increase in the impairment charge of up to £0.4m. This considered a reasonably possible change in the key assumption.

The pre-tax discount rates used in these calculations were between 10.0% and 12.1%.This is based on the Group's weighted average cost of capital adjusted for country specific risks. A 10% increase in the discount rate would result in a reduction in the impairment charge of between £0.5m and £1.0m. This is also a reasonably possible change in the key assumption.

The following amounts recognised in the income statement:

	53 weeks ended 28 March 2020 £'000
Depreciation of right-of-use assets	16,604
Impairment charge for the period	24,947
Finance costs of lease liabilities	4,722
Expense relating to short-term leases	2,475
Expense relating to variable payments not included in the measurement of the lease liability	9,150
	57,898

The variable lease payments constitute up to 30% of the Group's entire lease payments. The Group expects this ratio to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next three years, variable rent expenses are expected to continue to present a similar proportion of store sales in future years.

The total cash outflow for leases amounted to £30,200,000.

19. RIGHT-OF-USE ASSETS (CONTINUED)

The impact of adopting IFRS 16 on the opening Group balance sheet is as follows:

	30 March 2019 as reported £'000	Initial adoption of IFRS 16 £'000	Impairment of right-of-use assets on transition £'000	30 March 2019 £'000
Non-current assets				
Right-of-use assets	–	111,181	(17,770)	93,411
Current assets				
Trade and other receivables	13,688	(1,053)	–	12,635
Total assets	13,688	110,128	(17,770)	106,046
Current liabilities				
Trade and other payables	(23,984)	3,517	–	(20,467)
Lease liabilities	–	(15,673)	–	(15,673)
	(23,984)	(12,156)	–	(36,140)
Non-current liabilities				
Lease liabilities	–	(97,972)	–	(97,972)
	–	(97,972)	–	(97,972)
Total liabilities	(23,984)	(110,128)	–	(134,112)
Net assets	(10,296)	–	(17,770)	(28,066)
Equity				
Retained earnings	67,555	–	(17,770)	53,759
Total equity	67,555	–	(17,770)	53,759

20. INTERESTS IN ASSOCIATES

	28 March 2020 £'000	30 March 2019 £'000
Total assets	1,505	1,420
Total liabilities	(485)	(307)
Total net assets	1,020	1,113

	28 March 2020 £'000	30 March 2019 £'000
Group's share of net assets of associate	187	337

The above carrying value represents the initial cost of the investment undertaken, as well as any subsequent change in net assets of the associate, as at 28 March 2020.

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Total revenue	1,998	2,047
Profit for the period	98	181
Group's share of profit of associate	49	90

21. INVENTORIES

	28 March 2020 £'000	30 March 2019 £'000
Raw materials	2,630	2,337
Work-in-progress	831	735
Finished goods	31,392	36,668
	34,853	39,740

22. OTHER FINANCIAL ASSETS

Trade and other receivables

	28 March 2020 £'000	30 March 2019 £'000
Amount receivable for the sale of goods	6,722	7,006
Allowance for expected credit losses	(809)	(311)
	5,913	6,695
Amounts due from related parties[1] (see note 35)	203	35
Amounts owed by associate undertakings (see note 35)	147	40
Derivative financial instruments	244	–
Other debtors[2]	3,274	3,293
Prepayments	1,294	3,625
	11,075	13,688

Trade receivables

The average credit period taken on the sale of goods is 70 days (2019: 51 days). No interest is charged on the outstanding trade and other receivables. The carrying amount of receivables approximates to their fair value.

The Group has provided for expected credit losses from the sale of goods, where there is exposure to credit risk. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines individual credit limits by customer.

The Group's receivables comprise primarily department stores, franchisee partners and associates, and wholesale customers. A UK customer with concession revenue of £15,779,000 during the period had a balance of £735,000, and a franchise partner with wholesale revenue of £2,723,000 during the period had a balance of £1,058,00, both of which are more than 10% of trade receivables at the period end. There are no other customers with a balance greater than 10% of the trade receivables.

Included in the Group's trade receivables balance are debtors with a carrying amount of £1,318,000 (2019: £506,000) which are past due at the reporting date for which the Group has not provided for any credit losses as there has not been a significant change in credit quality and the amounts are not considered a credit risk.

(1) Amounts due from related parties are due within 45 days. There is no interest payable on these receivables.

(2) Other debtors includes £184,000 (2019: £nil) for amounts receivable under HM Revenue & Customs Coronavirus Job Retention Scheme ("CJRS").

The table below details the risk profile of amounts receivable for the sale of goods.

	Total £'000	Current £'000	<30 days £'000	31–60 days £'000	>61 days £'000
28 March 2020					
Expected credit loss	n/a	11%	15%	17%	36%
Gross carrying amount	6,722	5,405	841	331	145
Loss allowance	(809)	(574)	(126)	(58)	(52)
Net trade receivable	5,913	4,832	715	273	93

22. OTHER FINANCIAL ASSETS (CONTINUED)

	Total £'000	Current £'000	<30 days £'000	31–60 days £'000	>61 days £'000
30 March 2019					
Expected credit loss	n/a	3%	17%	25%	–
Gross carrying amount	7,006	6,500	232	274	–
Loss allowance	(311)	(203)	(39)	(69)	–
Net trade receivable	6,695	6,297	193	206	–

Expected credit losses includes £159,000 for one new franchise partner (2019: £nil), and an increase in the rate of general provisions as a result of potential risk of default due to the impact of COVID-19 on wholesale and franchise debtors.

The Group took early and decisive cash preservation measures across the business including deferral of tax payments and seeking reductions in business rates as a result of UK Government support; utilising government support packages offered in many countries where we operate; furloughing 73% of UK employees during the period the country was in lockdown. The Group also deferred VAT, PAYE and Customs Duty. Government grants in relation to HM Revenue & Customs CJRS for the period is £184,000.

Cash and cash equivalents

	28 March 2020 £'000	30 March 2019 £'000
Cash and cash equivalents	7,998	12,377

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

23. BORROWINGS

	28 March 2020 £'000	30 March 2019 £'000
Bank overdrafts	750	1,231
Loans from related parties (see note 35)	3,698	1,478
Loans from non-controlling interests	1,567	1,770
Unsecured borrowings at amortised cost	6,015	4,479
Amounts due for settlement within 12 months	3,424	2,709
Amounts due for settlement after 12 months	2,591	1,770

23. BORROWINGS (CONTINUED)

Loans from related parties and non-controlling interests are due for repayment on the following dates:

	Loan repayment date	28 March 2020 £'000	30 March 2019 £'000
Related party			
Challice Limited	31 March 2020	2,674	1,478
Challice Limited	31 March 2021	1,024	–
Non-controlling interest			
Onward Holding Co., Limited	31 March 2022	783	–
Onward Global Fashion Co., Limited	31 March 2022	784	680
SHK Holdings Limited	31 March 2023	–	1,090
		5,265	3,248

Loans from related parties and non-controlling interests are not secured, and incur interest at the following rates:

Challice Limited	LIBOR plus 1.5%
Onward Holding Co., Limited	4.5%
Onward Global Fashion Co., Limited	4.5%
SHK Holdings Limited	4.5%

	Hong Kong Dollars £'000	Japanese Yen £'000	South Korean Won £'000	Chinese Renminbi £'000	Total £'000
Analysis of borrowings by currency:					
Bank overdrafts	–	–	–	750	750
Loans from related parties	3,698	–	–	–	3,698
Loans from non-controlling interests	–	1,567	–	–	1,567
Carrying amount					
At 28 March 2020	3,698	1,567	–	750	6,015
Analysis of borrowings by currency:					
Bank overdrafts	–	–	–	1,231	1,231
Loans from related parties	1,478	–	–	–	1,478
Loans from non-controlling interests	–	680	1,090	–	1,770
Carrying amount					
At 30 March 2019	1,478	680	1,090	1,231	4,479

On 27 September 2018, the Group replaced the £7,500,000 revolving credit facility with a new facility of £10,000,000. The interest rate when drawn down is 1.25% over LIBOR and incurs a commitment fee of 35% of the margin above LIBOR when unutilised. The facility was increased to £15,000,000 in May 2019 and was due to expire on 27 September 2021. Since the year-end, the Group has extended the revolving credit facility until March 2022 and renegotiated banking covenants to reflect the current COVID-19 world. The £15.0m revolving credit facility is secured by fixed and floating debentures over the assets of its subsidiaries, excluding inventory and shares in Mulberry Japan Co. Limited, and fixed legal charges over its freehold premises, and retains quarterly covenant testing against the Group's leverage and liquidity ratios.

The revolving credit facilities and the overdrafts are secured with Group cross guarantees. At 28 March 2020 the Group had £5,265,000 (2019: £3,248,000) of related party loans payable at commercial rates within each country.

24. DEFERRED TAX

	Tax losses £'000	Losses in overseas territories £'000	Accelerated tax depreciation £'000	Short-term temporary differences £'000	Total £'000
At 25 March 2018	–	192	1,444	146	1,782
(Charge)/credit to income	–	(192)	(363)	(125)	(680)
At 30 March 2019	–	–	1,081	21	1,102
Credit/(charge) to income	1,187	–	(803)	2	386
Deferred tax asset as at 28 March 2020	1,187	–	278	23	1,488

£1,465,000 (2019: £1,081,000) of the deferred tax asset is expected to unwind in more than one year.

At the balance sheet date, the Group has cumulative unused tax losses and short-term timing differences of £37,285,000 (2019: £28,500,000) arising from overseas territories and unused tax losses and short-term timing differences of £38,522,000 (2019: £nil) arising from UK entities. A deferred tax asset has been recognised in respect of £6,247,000 (2019: £nil) of the UK losses which are expected to be recovered against future taxable profits in the following three years. No deferred tax asset has been recognised in respect of the remaining £69,561,000 of losses (2019: £28,500,000) due to uncertainty of the timing of future taxable profits available to offset against these losses.

25. OTHER FINANCIAL LIABILITIES

Trade and other payables

	28 March 2020 £'000	30 March 2019 £'000
Trade payables	13,742	9,334
Accruals[1]	6,548	8,513
Financial guarantee[2]	–	1,000
Other payables	1,665	986
Lease incentives	–	4,021
Derivative financial instruments	–	130
	21,955	23,984

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 14 days (2019: 17 days). For most suppliers, no interest is charged on the trade payables for the first 60 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Due to the impact of COVID-19 on the Group's working capital, some payments for trade payables were made later than agreed credit terms after the period end whilst rent and supplier payment terms were being renegotiated.

25. OTHER FINANCIAL LIABILITIES (CONTINUED)

Foreign exchange contracts are forward contracts, which are used to hedge exchange risk arising from the Group's purchase of overseas sourced raw materials and finished products (note 33). These instruments are for US Dollars and Euros.

Liabilities payable to HM Revenue & Customs at the period end for VAT, PAYE and national insurance contributions were permitted by HM Revenue & Customs to be deferred beyond the normal payment terms as part of government allowances to businesses impacted by COVID-19.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

(1) Accruals includes £475,000 (2019: £nil) for a lease liability under an authorised guarantee agreement that became the Group's liability when a sub-lessee went into administration.
(2) The financial guarantee was repaid in two instalments of £500,000 each on the renegotiation of a concession agreement.

26. LEASE LIABILITIES

Lease liabilities are determined by calculating discounted lease payments using the Group's incremental borrowing rates at 28 March 2020. The discount rates applied range between 2.4% to 5.62% with a weighted average rate of 4.5%. These rates have been determined based on comparable bond yields and are lease specific varying by territory and lease length.

	28 March 2020 £'000
Analysed as:	
Non-current	15,329
Current	76,775
	92,104

Future minimum lease payments at 28 March 2020 are as follows:

	28 March 2020 £'000
Maturity analysis:	
Year 1	19,068
Year 2	15,999
Year 3	13,321
Year 4	11,861
Year 5	10,258
Year 6	8,728
Year 7	8,479
Year 8	6,524
Year 9	3,446
Year 10	2,393
Year 11	2,316
Year 12	2,316
Year 13	2,316
Year 14	2,316
Year 15	1,874
Effect of discounting	(19,111)
Carrying amount of liability	92,104

26. LEASE LIABILITIES (CONTINUED)

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

The Board made the decision before the period end to give notice on 4 UK airport lease agreements and notice was given to the landlord during the enforced COVID-19 lockdown in accordance with the five-year contract, which required six months' notice to be given. The landlord agreed to waive lease payments whilst the stores remained closed.

As a result of this decision, it has resulted in an adjustment of £8.2m to reflect the reduced scope of the lease to October 2020 and the remaining amount of £1.0m relates to the write down of the right-of-use asset to reflect the present value of the expected future cash flows from the stores for revenues less operating cash flows until termination.

The lease liability prior to notice being given was £9.3m and the revised lease liability after notice being given was £1.1m. The remaining lease liability at the period end relates to expected remaining payments on the lease from the period end date to the termination date in October 2020.

Prior period disclosure required by IAS 17

	30 March 2019 £'000
Minimum lease payments under operating leases recognised as an expense in the period	18,010

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	30 March 2019 £'000
Within one year	18,767
In the second to fifth years inclusive	57,483
After five years	50,511
	126,761

Operating lease payments represent rentals payable by the Group for certain of its retail stores, warehouses and offices. The leases are for a varied length of time with the longest lease running until 2035. Leases are typically subject to rent reviews at specified intervals and some payments are contingent upon levels of revenue above minimum thresholds. The amount paid under this contingent element in the period was £1,103,000.

Liabilities recognised in respect of non-cancellable leases:

	30 March 2019 £'000
Current	644
Non-current	3,377
	4,021

27. SHARE CAPITAL

	28 March 2020 £'000	30 March 2019 £'000
Authorised		
65,000,000 ordinary shares of 5p each (2019: 65,000,000)	3,250	3,250
Issued and fully paid		
60,077,458 ordinary shares of 5p each (2019: 60,047,458)	3,004	3,002

On 30 August 2019, 30,000 5p ordinary shares were issued at par to one of the Group's significant strategic suppliers (2019: 30,000).

The Company has granted 1,360,000 options in respect of 5p ordinary shares during the period (2019: nil).

28. RESERVES

Own share reserve

The own share reserve represents 622,336 5p ordinary shares (2019: 622,336 5p ordinary shares) at a cost of £1,061,083 (2019: £1,378,035). The shares have been purchased in the market or issued as new shares by the Company, and are held by the Mulberry Group plc Employee Share Trust to satisfy the deferred and matching shares under the Deferred Bonus Plan and Co-ownership Equity Incentive Plan.

During the period, no 5p shares (2019: nil) at a cost of £nil (2019: £nil) were issued to the Mulberry Group plc Employee Share Trust. During the period the value of the shares was impaired by £316,952, which was charged to retained earnings, reflecting the decrease in the market price of the Company. No shares were transferred to satisfy the vesting of share awards (2019: 4,381 shares were transferred with a value of £9,701). The maximum number of own shares held during the period was 622,336 (2019: 626,717).

Capital redemption reserve

The Capital redemption reserve arose following a capital reconstruction on admission of the Company's shares to the Alternative Investment Market on 23 May 1996. The Company purchased 3,074,396 of its own 5p ordinary shares at par.

Cash flow hedge and foreign exchange reserves

	Cash flow hedge reserve £'000	Foreign exchange reserve £'000	Total £'000
At 25 March 2018	(98)	701	603
Exchange differences on translating the net assets of foreign operations	–	151	151
Foreign currency forward contracts	(3)	–	(3)
Current tax recognised on above	1	(31)	(30)
At 30 March 2019	(100)	821	721
Exchange differences on translating the net assets of foreign operations	–	608	608
Foreign currency forward contracts	123	–	123
Current tax recognised on above	(23)	(106)	(129)
At 28 March 2020	–	1,323	1,323

28. RESERVES (CONTINUED)

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, from their functional currency into the Parent Company's functional currency, being Sterling, are recognised directly in the foreign exchange reserve.

(Losses)/gains reclassified from the hedging and translation reserves into profit or loss during the period are included in the following line items in the income statement:

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Cost of sales	(107)	(85)
Other expenses	111	146
	4	61

29. NON-CONTROLLING INTERESTS

	Mulberry (Asia) Limited £'000	Mulberry Japan Co. Limited £'000	Mulberry Korea Co., Ltd £'000	Total £'000
At 25 March 2018	(167)	914	–	747
Share of losses for the period	(1,340)	(389)	(643)	(2,372)
Foreign currency translation	9	22	2	33
Increase in non-controlling interests on set-up	–	–	173	173
At 30 March 2019	(1,498)	547	(468)	(1,419)
Share of losses for the period	(1,779)	(849)	(104)	(2,732)
Foreign currency translation	(276)	35	(2)	(243)
Adjustment due to change in control	–	–	574	574
At 28 March 2020	(3,553)	(267)	–	(3,820)

The proportion of ownership interests held by non-controlling interests is as follows:

Mulberry (Asia) Limited	40%
Mulberry Japan Co. Limited	50%

On 24 July 2019, the Group purchased the remaining 40% shares in Mulberry Korea Co., Ltd for 1 Korean Won.

30. CONTINGENT LIABILITIES

Mulberry Group plc has acted as a guarantor on various property leases entered into between its subsidiaries and third-party lessors. No amounts were outstanding at the period end in respect of such guarantees (2019: £nil).

An authorised guarantee agreement exists on the assignment of a lease of a UK property to a third-party tenant. In the event of a default on rent payments by this tenant, the rent liability of £300,000 would pass to the Group. To date, there have been no such default events under this guarantee, and no liability for the rent on this property has been accrued as there is no expectation that any liabilities or cash outflows will arise for the Company as a result of this guarantee.

The full lease liability has been recognised in respect of an authorised guarantee agreement on a UK store which was assigned to a third party, which has subsequently gone into administration.

31. SHARE-BASED PAYMENTS

The Group operated the following schemes during the period:

Mulberry Group plc 2008 Unapproved Share Option Scheme

The scheme was established on 14 April 2008 and is open to all employees of Mulberry Group plc and its subsidiaries. The exercise price is equal to the market value of the shares on the date of grant. The vesting period is generally three years after the date of grant of options, and can be exercised for a period of ten years from the date of grant. If the options remain unexercised for a period of ten years from the date of grant, they expire. Options may be forfeited if the employee leaves the Group prior to vesting.

Details of the share options movements during the period are as follows:

	52 weeks ended 28 March 2020 Number of share options	52 weeks ended 28 March 2020 Weighted average exercise price (in £)	53 weeks ended 30 March 2019 Number of share options	53 weeks ended 30 March 2019 Weighted average exercise price (in £)
Outstanding at the beginning of the period	543,315	9.29	608,215	9.36
Granted during the period	450,000	2.70	–	–
Forfeited during the period	(33,500)	9.41	(58,500)	10.13
Exercised during the period	–	–	(6,400)	7.58
Outstanding at the end of the period	959,815	6.20	543,315	9.29
Exercisable at the end of the period	659,815	7.80	380,315	8.76

The weighted average share price at the date of exercise for share options exercised during the period was £nil (2019: £7.78). The options outstanding at 28 March 2020 had a weighted average remaining contractual life of 0.4 years (2019: 0.2 years).

Mulberry Group plc 2008 Deferred Bonus Plan

The plan was established on 8 August 2008 and is open to all employees of Mulberry Group plc and its subsidiaries. The share-based payments charge relates to the cost of matching shares awarded to employees participating in this plan. The vesting period is two years after the date of grant of options and can be exercised for a period of ten years from the date of grant. If the matching shares remain unexercised after a period of ten years from the date of grant, the award expires. The matching shares may be forfeited if the employee leaves the Group prior to vesting.

31. SHARE BASED PAYMENTS (CONTINUED)

Details of the share options outstanding during the period are as follows:

	52 weeks ended 28 March 2020 Number of matching shares	53 weeks ended 30 March 2019 Number of matching shares
Outstanding at the beginning of the period	2,904	10,796
Exercised during the period	–	(8,702)
Outstanding at the end of the period	2,904	2,904
Exercisable at the end of the period	2,904	2,904

The weighted average share price at the date of exercise for share options exercised during the period was £nil (2019: £3.02). The options outstanding at 28 March 2020 had a weighted average remaining contractual life of nil years (2019: nil years) and have an exercise price of £nil.

Mulberry Group plc 2009 Co-ownership Equity Incentive Plan

The plan was established on 20 August 2009. The vesting period is generally three years after the date of grant of options and can be exercised for a period of ten years from the date of grant. The jointly owned shares may be forfeited if the employee leaves the Group prior to vesting and the rights of the participant lapse if the award has not been exercised after a period of seven years from the date of vesting.

Details of the share awards outstanding during the period are as follows:

	52 weeks ended 28 March 2020 Number of share options	52 weeks ended 28 March 2020 Weighted average exercise price (in £)	53 weeks ended 30 March 2019 Number of share options	53 weeks ended 30 March 2019 Weighted average exercise price (in £)
Outstanding at the beginning of the period	300,000	1.458	300,000	1.458
Exercised during the period	–	–	–	–
Outstanding at the end of the period	300,000	1.458	300,000	1.458
Exercisable at the end of the period	300,000	1.458	300,000	1.458

During the period, the exercise date for the co-owned share rights outstanding at 28 March 2020 was extended to 30 November 2021 and accordingly the weighted average remaining contractual life is 1.7 years (2019: nil years). This resulted in an additional charge to the income statement of £39,000.

31. SHARE BASED PAYMENTS (CONTINUED)

Mulberry Group plc 2017 Performance Share Plan

The first option grant was made on 10 July 2017 and may be exercised after the Group's financial results for the financial period ended 30 March 2020 have been announced, and up to ten years from the date of grant, upon attainment of the relevant performance conditions.

Further option grants were made on 25 November 2019, of which 426,000 options are exercisable after the financial results for period ended 27 March 2021 have been announced, and 484,000 options are exercisable after the financial results for the period ended 2 April 2022 have been announced.

Details of the share options movements during the period are as follows:

	52 weeks ended 28 March 2020 Number of shares	53 weeks ended 30 March 2019 Number of shares
Outstanding at the beginning of the period	360,000	368,000
Granted during the period	910,000	–
Lapsed during the period	(11,500)	(8,000)
Outstanding at the end of the period	1,258,500	360,000
Exercisable at the end of the period	–	–

The Group recognised the following expense/(credit) related to share-based payments:

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Mulberry Group plc 2008 Unapproved Share Option Scheme	110	109
Mulberry Group plc 2009 Co-ownership Equity Incentive Plan	39	–
Mulberry Group plc 2017 Performance Share Plan	(173)	(247)
Total share option credit	(24)	(138)

The Group accounts for its share schemes as equity-settled but during prior periods some exercises were settled in cash and therefore the directors have needed to consider whether these should now be accounted for as cash-settled options. Settling the equity-settled share options for a cash alternative was at the Directors' discretion and was due to the very small number of exercises, the fact that the Group had sufficient cash at the time and this was administratively easier. In making their judgement to account for the share options as equity-settled share options the Directors are satisfied that the Group has no constructive obligation to settle in cash and as such the schemes can continue to be accounted for as equity-settled.

32. RETIREMENT BENEFIT SCHEMES

The Group contributes to personal pension plans for all qualifying employees. The total cost charged to income of £1,345,000 (2019: £1,204,000) represents contributions payable to these personal plans by the Group at rates contractually agreed. As at 28 March 2020, contributions due in respect of the current reporting period which had not been paid over to the plans were £250,000 (2019: £152,000).

33. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained earnings as disclosed in the Group statement of changes in equity and notes 27 and 28.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 3 to the financial statements.

Categories of financial instruments

	28 March 2020 £'000	30 March 2019 £'000
Cash and cash equivalents measured at amortised cost (note 22)	7,998	12,377
Trade and other receivables measured at amortised cost (note 22)	10,831	13,688
Derivative financial instruments measured at fair value through income statement	244	–
	19,073	26,065
Financial liabilities		
Trade and other payables measured at amortised cost (note 25)	21,955	23,854
Borrowings (note 23)	6,015	4,479
Lease liabilities (note 26)	92,104	–
Derivatives in designated hedging relationships measured at fair value through income statement	–	130
	120,074	28,463

Fair value measurements

The information set out below provides information about how the Group determines fair values of derivatives in designated hedging relationships. These are within the Level 2 fair value measurement hierarchy derived using observable inputs.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets/ financial liabilities	Fair value as at 28 March 2020 £'000	Fair value as at 30 March 2019 £'000	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Derivatives in designated hedging relationships	Assets – £nil and liabilities – £nil	Assets – £nil and liabilities – £130	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various companies.	n/a	n/a
Derivatives not in designated hedging relationships	Assets – £244 and liabilities – £nil	Assets – £nil and liabilities – £nil	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various companies.	n/a	n/a

Financial risk management objectives

The Group Finance Director is responsible to the Board for the Group's financial risk management. This includes analysing the Group's exposure by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks where possible. It does this by maintaining bank accounts in all of the major currencies in which it trades, and it operates its own internal hedging by offsetting currency receipts on sales against purchases in related currencies. Where there is significant risk remaining, and the Group deems it necessary, it uses derivative financial instruments to hedge these risk exposures. Participating forward derivatives include an element of both put and call option, which are valued using the Black-Scholes pricing model. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. In accordance with the Board approved foreign currency risk management policy, the Group uses derivative financial instruments to manage its foreign currency exposure. The Group is not significantly exposed to interest rate risk on its financial liabilities and continues to seek to maximise the returns from its bank deposits.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Group's principal foreign currency exposure arises from purchase of overseas sourced raw materials and finished products. The Board regularly reviews the Group's foreign currency exposure, including the current market value of outstanding foreign exchange contracts, and sets an appropriate hedging strategy for the near-term future. This is determined in conjunction with percentage cover taken by season and financial period and current market conditions.

33. FINANCIAL INSTRUMENTS (CONTINUED)

The following table details the foreign currency contracts outstanding as at the period end:

	Average exchange rate 28 March 2020	Average exchange rate 30 March 2019	Foreign currency 28 March 2020 £'000	Foreign currency 30 March 2019 £'000	Notional value 28 March 2020 £'000	Notional value 30 March 2019 £'000	Fair value 28 March 2020 £'000	Fair value 30 March 2019 £'000
Outstanding contracts								
Cash flow hedges								
Buy US Dollar								
Less than 3 months	1.2957	1.3053	3,000	2,250	2,315	1,705	119	(12)
3 to 6 months	1.2957	1.3093	3,000	1,500	2,315	1,136	125	(12)
							244	**(24)**
Buy Euro								
Less than 3 months	–	1.1587	–	3,000	–	2,586	–	(74)
3 to 6 months	–	1.1565	–	1,000	–	862	–	(32)
							–	**(106)**
							244	**(130)**

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities 28 March 2020 £'000	Liabilities 30 March 2019 £'000	Assets 28 March 2020 £'000	Assets 30 March 2019 £'000
Euro	3,164	2,315	4,667	4,586
US Dollar	2,090	1,911	1,358	2,357
Hong Kong Dollar	4,233	1,716	1,649	653
South Korean Won	1,023	2,281	1,553	1,323
Chinese Renminbi	984	1,511	1,274	1,520
Australian Dollar	4	26	39	325
Japanese Yen	1,787	1,041	1,740	1,128
Taiwan Dollar	32	34	281	220
Canadian Dollar	246	284	272	387
Swedish Krona	–	–	54	385
Danish Krone	–	–	81	88
Swiss Franc	109	77	85	127

33. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency sensitivity analysis

The Group is mainly exposed to the US Dollar, Euro Hong Kong Dollar and South Korean Won currencies.

The following table details the Group's sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies. A sensitivity rate of 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates a decrease in loss and other equity where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be an equal and opposite impact on the loss and other equity, and the balances below would be negative or positive.

	Impact on loss 52 weeks ended 28 March 2020 £'000	Impact on loss 53 weeks ended 30 March 2019 £'000
Euro	(137)	(207)
US Dollar	67	(41)
Hong Kong Dollar	235	97
South Korean Won	(48)	87
Chinese Renminbi	(26)	(1)
Australian Dollar	(3)	(27)
Japanese Yen	4	(8)
Taiwan Dollar	(23)	(17)
Canadian Dollar	(2)	(9)
Swedish Krona	(5)	(35)
Danish Krone	(7)	(8)
Swiss Franc	2	(5)

Interest rate risk management and sensitivity analysis

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group's sensitivity to changes in interest rates has been illustrated based on a 1% increase or decrease in interest rates. For floating rate deposits and liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole period. Management's assessment of the reasonably possible change in interest rates is based on analysis of the opening and closing liability.

If interest rates had been 1% higher and all other variables were held constant, the Group's loss for the period ended 28 March 2020 would have increased by £52,500 (2019: loss increased by £2,000). This is mainly attributable to the Group's exposure to interest rates on its overdraft facility.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining letters of credit where deemed appropriate, as a means of mitigating the risk of financial loss from defaults. Due to the impact of COVID-19 on wholesale and franchise customers, where appropriate, payment plans have been negotiated to extend credit terms to reflect the period of store closures.

Trade receivables consist of a large number of customers, which are reviewed on a weekly basis to provide an escalation process if any payments are later than contracted terms. Credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit insurance cover is purchased.

Other than as disclosed in note 22, the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are connected entities.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 22 is a description of additional undrawn facilities that the Group has at its disposal to reduce further liquidity risk.

Liquidity and interest risk tables

The Group's financial assets all contractually mature within the next period. Trade receivables do not accrue interest. The weighted average interest rate on cash and cash equivalents was -12.65% (2019: -1.41%).

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 year £'000	1 to 2 years £'000	2 to 3 years £'000	3 to 4 years £'000	4 to 5 years £'000	Total £'000
28 March 2020						
Trade and other payables	(21,955)	–	–	–	–	(21,955)
Borrowings	(3,424)	(1,024)	(1,567)	–	–	(6,015)
Derivatives: gross settled						
Cash inflows	5,085	–	–	–	–	5,085
Cash outflows	(4,631)	–	–	–	–	(4,631)

33. FINANCIAL INSTRUMENTS (CONTINUED)

	Less than 1 year £'000	1 to 2 years £'000	2 to 3 years £'000	3 to 4 years £'000	4 to 5 years £'000	Total £'000
30 March 2019						
Current liabilities	(19,833)	–	–	–	–	(19,833)
Borrowings	(2,708)	(1,771)	–	–	–	(4,479)
Derivatives: gross settled						
Cash flows	6,289	–	–	–	–	6,289
Cash outflows	(6,453)	–	–	–	–	(6,453)

Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair value. Participating forward derivatives include an element of both put and call option which are valued using the Black-Scholes pricing model.

34. NOTES TO THE CASH FLOW STATEMENTS

Cash and cash equivalents

	28 March 2020 £'000	30 March 2019 £'000
Cash and bank balances	7,998	12,377
Bank overdrafts (see note 23)	(750)	(1,231)
	7,248	11,146

Changes in liabilities arising from financing activities

	31 March 2019 £'000	Financing cash flows £'000	Fair value adjustments £'000	Foreign exchange £'000	28 March 2020 £'000
Borrowings (note 23)	1,231	(566)	–	85	750
Loans from related parties and non-controlling interests (note 23)	3,248	1,400	–	617	5,265
Total liabilities from financing activities	4,479	834	–	702	6,015

	25 March 2018 £'000	Financing cash flows £'000	Fair value adjustments £'000	Foreign exchange £'000	30 March 2019 £'000
Borrowings (note 23)	–	1,231	–	–	1,231
Loans from related parties and non-controlling interests (note 23)	1,385	1,771	–	92	3,248
Total liabilities from financing activities	1,385	3,002	–	92	4,479

35. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties and associates are disclosed below.

Trading transactions

During the period, Group companies entered into the following transactions with related parties that are not members of the Group:

	Sale of goods 52 weeks ended 28 March 2020 £'000	Sale of goods 53 weeks ended 30 March 2019 £'000	Loan interest payable 52 weeks ended 28 March 2020 £'000	Loan interest payable 53 weeks ended 30 March 2019 £'000	Amounts owed (to)/from related parties 28 March 2020 £'000	Amounts owed (to)/from related parties 30 March 2019 £'000
Mulberry Oslo AS	1,237	1,195	–	–	147	40
Club 21 Pte Limited*	840	923	–	–	85	20
Club 21 (Thailand) Co Limited*	465	393	–	–	62	4
Club Twenty-One Retail (M) Sdn Bhd*	294	392	–	–	56	11
Challice Limited	–	–	85	21	(3,698)	(1,478)

* These are related parties of the Group as they are all related companies of Challice Limited, the majority shareholder of the Company. Please refer to substantial shareholdings in the Directors' report for further details.

All sales of goods have been made on an arm's length basis. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

During the period Mulberry Company (USA) Inc paid rent of £134,222 (2019: £126,638) to Como Holdings USA Inc, a company which is a related party to Challice Limited, the majority shareholder of the Company, and whose Chief Executive Officer is Steven Grapstein. No amounts were outstanding in relation to this at the period end or prior period end.

Transactions with the Group's Employee Share Trust are disclosed in note 28.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual Directors is provided in note 41.

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Short-term employee benefits	1,730	1,856
Post-employment benefits	28	20
	1,758	1,876

36. CONTROLLING PARTY

At the period end and at the date of this report, Challice Limited controlled 56.14% of the issued share capital of the Company. The ultimate controlling parties of Challice Limited are Mr Ong Beng Seng and Mrs Christina Ong.

Challice Limited is registered in Gibraltar and is not required to prepare consolidated accounts. Therefore, the consolidated financial statements of Mulberry Group plc represent the highest and lowest level at which a consolidation is prepared for the Group.

37. EVENTS AFTER THE REPORTING PERIOD

Since the period end, the Group has extended the revolving credit facility with HSBC until March 2022 and renegotiated banking covenants in line with the downside scenario projections described in the going concern statement on page 38. The £15.0m revolving credit facility is secured by fixed and floating debentures over the assets of its subsidiaries, excluding inventory and shares in Mulberry Japan Co. Limited and fixed legal charges over its freehold premises. Covenants are tested on a quarterly basis and contain a 12-month rolling EBITDA target and a maximum net debt target. Covenants are tested on a "frozen GAAP" basis and exclude the impact of IFRS 16.

In response to the impact of COVID-19 on the business, following a period of consultation, the Group made 290 roles redundant, the majority of which were in the UK. The cost to implement these redundancies was £1.8m, with anticipated annual savings of £8.7m.

As part of government support to businesses impacted by COVID-19, the Group has applied for grants under the UK Coronavirus Job Retention Scheme ("CJRS"), as well as equivalent schemes offered in other non-UK territories. In addition, liabilities payable to HM Revenue & Customs at the period end for VAT, PAYE and national insurance contributions were permitted by HM Revenue & Customs to be deferred beyond the normal payment terms.

In August 2020, the Group agreed an exit arrangement with the landlords of both of its store leases in Canada, which have remained closed since March 2020 when local lockdown was enforced. These leases were terminated prior to their lease expiry date in consideration of an exit charge payable to the landlords.

Company financial statements

52 weeks ended 28 March 2020

Company balance sheet

52 weeks ended 28 March 2020

	Note	28 March 2020 £'000	30 March 2019 £'000
Non-current assets			
Investments	42	10,358	10,358
Property, plant and equipment	43	3,788	3,892
Right-of-use assets	44	12,249	–
Deferred tax asset	47	–	78
		26,395	14,328
Current assets			
Trade and other receivables	45	20,799	83,030
Current tax		21	460
		20,820	83,490
Total assets		47,215	97,818
Current liabilities			
Trade and other payables	46	(285)	(53,164)
Lease liabilities		(1,445)	–
		(1,730)	(53,164)
Non-current liabilities			
Lease liabilities		(11,055)	–
Total liabilities		(12,785)	(53,164)
Net assets		34,430	44,654
Capital and reserves			
Called up share capital	27	3,004	3,002
Share premium account		12,160	12,072
Own share reserve	28	(1,061)	(1,378)
Capital redemption reserve	28	154	154
Retained earnings		20,173	30,804
Total equity		34,430	44,654

The Company reported a loss for the financial period ended 28 March 2020 of £7,317,000 (2019: profit of £12,661,000). The financial statements of Mulberry Group plc (Company number 01180514) were approved by the Board of Directors and authorised for issue on 5 October 2020.

They were signed on its behalf by:

Thierry Andretta
Director

Charles Anderson
Director

Company statement of changes in equity

52 weeks ended 28 March 2020

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 25 March 2018						
As at 25 March 2018	3,001	11,961	(1,388)	154	21,274	35,002
Profit for the period	–	–	–	–	12,661	12,661
Total comprehensive income for the period	–	–	–	–	12,661	12,661
Issue of shares	1	111	–	–	–	112
Credit for employee share-based payments	–	–	–	–	(138)	(138)
Exercise of share options	–	–	–	–	(23)	(23)
Own shares	–	–	10	–	–	10
Ordinary dividends paid (see note 14)	–	–	–	–	(2,970)	(2,970)
Balance at 30 March 2019	3,002	12,072	(1,378)	154	30,804	44,654
Loss for the period	–	–	–	–	(7,317)	(7,317)
Total comprehensive expense for the period	–	–	–	–	(7,317)	(7,317)
Issue of shares	2	88	–	–	–	90
Impairment of shares in trust	–	–	317	–	(317)	–
Charge for employee share-based payments	–	–	–	–	(24)	(24)
Ordinary dividends paid (see note 14)	–	–	–	–	(2,973)	(2,973)
Balance at 28 March 2020	3,004	12,160	(1,061)	154	20,173	34,430

38. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Please refer to note 1 for full details of the Company's incorporation, registered office, operations and principal activity.

Please refer to note 36 regarding the Company's ultimate controlling party.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that Standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain related party transactions, impairment, and accounting policies, change in accounting estimates and errors. Where required, equivalent disclosures are given in the Group financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies, and critical accounting judgements and key sources of estimation uncertainty adopted are the same as those set out in notes 3 and 4 to the Group financial statements except as noted below. These have been applied consistently throughout the period and the preceding period.

In the current period the Company has applied a number of amendments to IFRS standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2019. With the exception of IFRS 16, their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 16 Leases

Please refer to note 2 for further details of significant accounting policies and note 44 for details of right-of-use assets arising from implementation of IFRS 16.

Investments

Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment.

39. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

39. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of fixed assets and right-of-use assets, and intercompany investments

Fixed assets, right-of-use assets, and investments are reviewed for impairment if there are indicators of impairment indicating that the carrying amount may not be recoverable.

When a review for impairment is conducted, the recoverable amount is determined based on the higher of value in use and fair value less costs to sell. The value in use method requires the Directors to determine appropriate assumptions (which are sources of estimation uncertainty) in relation to:

(i) the cash flow projections for the Group over a three year budget period, with a long-term growth rate used thereafter.

(ii) the risk-adjusted pre-tax discount rate used to discount the assumed cash flows to present value.

The Directors will assess the results of these valuation methods alongside their judgement of the future prospects in relation to that asset in order to determine whether to impair its carrying value.

A number of variables are involved in this assessment including current and future market conditions, cost of capital used in discounted cash flows, future long-term growth rate assumptions and underlying cost inflation factors.

Reasonable possible changes to these estimates would not result in any impairment of the company only assets.

Estimated credit losses on intercompany debtors

The net assets of the Company exceed the net assets of the Group. This is largely due to the value of intercompany debtors which are eliminated on consolidation.

The carrying values of intercompany debtors are subject to a review of estimated credit losses. In determining estimated credit losses relating to intercompany debtors, probabilities of achieving forecasted trading cash flows or cash flows generated from sale of liquid and fixed assets are estimated which are a source of estimation uncertainty. These probabilities range from 20% to 100% chance of achievement.

Reasonable possible changes to these estimates would not give rise to a material change in estimated credit losses.

40. (LOSS)/PROFIT FOR THE PERIOD

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the period. Mulberry Group plc reported a loss for the financial period ended 28 March 2020 of £7,317,000 (2019: profit of £12,661,000). Included in the loss for the period is a provision of £3,781,000 (2019: £187,000) against intercompany balances.

The auditor’s remuneration for audit and other services is disclosed within note 9 to the Group financial statements. The only employees of the Company are the Directors whose emoluments are disclosed in the Directors’ remuneration report.

Dividends declared and paid during the financial period are disclosed in note 14 of the consolidated financial statements.

Details of share-based payments made during the financial period and outstanding options are disclosed in note 30 of the accounts.

41. STAFF COSTS

The average monthly number of employees (including Executive Directors and those on a part-time basis) was:

	52 weeks ended 28 March 2020 Number	53 weeks ended 30 March 2019 Number
Administration	11	11
	11	11

	52 weeks ended 28 March 2020 £'000	53 weeks ended 30 March 2019 £'000
Their aggregate remuneration comprised:		
Wages and salaries	1,978	1,928
Social security costs	250	269
Other pension costs (see note 32)	26	32
Share-based payments (see note 30)	(56)	(109)
	2,198	2,120

Employee costs of £737,000 (2019: £469,000) are recharged to Mulberry Company (Design Limited in respect of the element of time spent by those employees providing services to that company.

41. STAFF COSTS (CONTINUED)

Directors' emoluments of the Company are as follows:

	Basic salary/ fees £'000	Bonus £'000	Taxable benefits £'000	Pension contributions[2] £'000	52 weeks ended 28 March 2020 Total £'000
Executive Directors					
Thierry Andretta[1]	673	–	397	10	1,080
Charles Anderson[3]	131		29	16	176
Neil Ritchie[4]	64	–	3	2	69
Non-Executive Directors					
Godfrey Davis	200	–	–	–	200
Chris Roberts	50	–	1	–	51
Steven Grapstein	45	–	1	–	46
Melissa Ong	45	–	1	–	46
Christophe Cornu	45	–	1	–	46
Julie Gilhart	45	–	–	–	45
	1,298	–	433	28	1,759

Notes:

[1] Thierry Andretta was the highest paid Director during the period. He was appointed as Chief Executive on 7 April 2015, after serving as a Non-Executive Director until that date.

[2] Pension contributions are paid into defined contribution schemes.

[3] Charles Anderson was appointed on 7 October 2019.

[4] Neil Ritchie gave notice on 19 March 2019 of his notice to step down on 30 June 2019. As part of contractual arrangements between him and the Group, a one-off payment of £189,000 was agreed to reflect incentive and notice period, which is included in basic salary in the period ended 30 March 2019.

41. STAFF COSTS (CONTINUED)

	Basic salary/ fees £'000	Bonus £'000	Taxable benefits £'000	Pension contributions[2] £'000	52 weeks ended 28 March 2019 Total £'000
Executive Directors					
Thierry Andretta [1]	659	–	314	10	983
Neil Ritchie [4]	439	–	13	10	462
Non-Executive Directors					
Godfrey Davis	200	–	–	–	200
Chris Roberts	50	–	–	–	50
Steven Grapstein	45	–	–	–	45
Melissa Ong	45	–	–	–	45
Christophe Cornu	45	–	1	–	46
Julie Gilhart	45	–	–	–	45
	1,528	–	328	20	1,876

The emoluments disclosed do not include any amounts for the value of share options or share awards granted to or held by the Directors.

42. INVESTMENTS

	Shares in subsidiaries £'000
Cost	
At 31 March 2019	12,227
Additions	–
Disposals	–
At 28 March 2020	12,227
Provision for impairment	
At 31 March 2019	1,869
Charge for the period	–
At 28 March 2020	1,869
Net book value	
At 28 March 2020	10,358
At 30 March 2019	10,358

42. INVESTMENTS (CONTINUED)

The Company has investments in the ordinary shares of the following subsidiaries and associates, which contributed to the results or net assets of the Group at the period ended 28 March 2020 and 28 March 2019 (except as highlighted):

Subsidiaries	Country of incorporation	Principal activity	Proportion of ownership interest and voting power
Mulberry Company (Design) Limited[1]	England and Wales	Design and manufacture of clothing and fashion accessories in the UK	100% π
Mulberry Company (France) SARL[2]	France	Establishment and operation of retail stores in France	100%
Mulberry Company (Sales) Limited[1]	England and Wales	Establishment and operation of retail shops in the UK	100% †
Mulberry Company (Europe) Limited[1]	England and Wales	Dormant company	100% π
Mulberry Group Holding Company Limited¶ [1]	England and Wales	Intermediary holding company	100%
Mulberry Trading Holding Company Limited¶ [1]	England and Wales	Intermediary holding company	100% Ω
KCS Investments Limited¶ [1]	England and Wales	Dormant company	100% Ω
Fashion AZ Limited¶ [1]	England and Wales	Dormant company	100% β
Mulberry Company (USA) Inc[3]	USA	Establishment and operation of retail stores in the USA	100% π
Mulberry Group Plc Employee Share Trust[4]	Guernsey	Operation of an employee share trust	100%
Mulberry Company (Germany) GmbH[5]	Germany	Establishment and operation of retail stores in Germany	100% π
Mulberry Company (Switzerland) GmbH[6]	Switzerland	Establishment and operation of retail stores in Switzerland	100%
Mulberry Company (Austria) GmbH[7]	Austria	Establishment and operation of retail stores in Austria	100%
Mulberry Company (Canada) Inc[8]	Canada	Establishment and operation of retail stores in Canada	100% π
Mulberry France Services SARL[2]	France	Operation of non-retail services	100%
Mulberry Company (Australia) Pty Limited[9]	Australia	Establishment and operation of retail stores in Australia	100%
Mulberry (Asia) Limited[10]	Hong Kong	Establishment and operation of retail stores in Asia	60% π
Mulberry Trading (Shanghai) Company Limited¶[11]	China	Establishment and operation of retail stores in China	100% §
Mulberry Japan Co. Limited¶ #[12]	Japan	Establishment and operation of retail stores in Japan	50% π
Mulberry Korea Co., Ltd¶ [14]	Korea	Establishment and operation of retail stores in Korea	100% π

42. INVESTMENTS (CONTINUED)

Subsidiaries	Country of incorporation	Principal activity	Proportion of ownership interest and voting power
Mulberry Company (Shoes) Limited(1)	England and Wales	Dormant company	100%
Mulberry Company (Holdings) Limited(1)	England and Wales	Dormant company	100%
Mulberry Fashions Limited(1)	England and Wales	Dormant company	100% ‡
Mulberry Leathers Limited(1)	England and Wales	Dormant company	100% ‡
Mulberry (UK) Limited(1)	England and Wales	Dormant company	100%
Associates			
Mulberry Oslo AS*(13)	Norway	Operation of retail store in Oslo	50% †

* Mulberry Oslo AS is treated as an associate as, while the Group effectively owns 50% of the issued ordinary share capital, the entity is controlled by a third party. It has an accounting reference date of 30 September.

† Owned by Mulberry Company (Europe) Limited.
‡ Owned by Mulberry Company (Holdings) Limited.
§ Owned by Mulberry (Asia) Limited.
Ω Owned by Mulberry Group Holding Company Limited.
π Owned by Mulberry Trading Holding Company Limited.
β Owned by KCS Investments Limited.
¶ New company formed in the period ended 30 March 2019.
\# Mulberry Japan Co. Limited is treated as a subsidiary of Mulberry Group plc.

The registered offices of the subsidiaries and associates are as follows:

(1) The Rookery, Chilcompton, Bath, Somerset, BA3 4EH
(2) 51 Rue Étienne Marcel, 75001, Paris, France
(3) 475 Park Avenue South, New York 10016, USA
(4) Cambridge House, Le Truchot, St. Peter Port, Guernsey, GY1 3UW
(5) c/o Osborne Clarke, Innere Kanalstrasse 15, 50823 Cologne, Germany
(6) Storchengasse 4, 8001 Zurich, Switzerland
(7) Gauermanngasse 2, 1010 Vienna, Austria
(8) 340 Albert Street, Suite 1400, Ottawa, Ontario K1R 0A5, Canada
(9) 225 George Street, Sydney NSW 2000, Australia
(10) Suite no. 10B, 10/F Tower 2, China Hong Kong City, No. 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong
(11) Shop No 309, Plaza 66, No 1266, West Nanjing Road, Jing'an District, Shanghai, 200041
(12) 3-26-8 Sendagaya, Shibuya-ku, Tokyo, Japan 151-0051
(13) Nedre Slottsgate 8, 0157 Oslo, Norway
(14) 401, Samseong-ro, Gangnam-gu, Seoul, Korea 06195

Subsidiaries designated as dormant companies have taken advantage of S394A of the Companies Act 2006 and are exempt from preparing individual accounts. Their registered numbers in England are shown below:

Fashion AZ Limited	11662601
Mulberry Company (Shoes) Limited	01624079
Mulberry Company (Holdings) Limited	02950035
Mulberry Company Fashions Limited	02950006
Mulberry Leathers Limited	02950004
Mulberry (UK) Limited	03791974
Mulberry Company (Europe) Limited	02342172
KCS Investments Limited	11363562

43. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 31 March 2019	6,674	7,636	644	14,954
Additions	168	93	–	261
Disposals	–	–	–	–
At 28 March 2020	6,842	7,729	644	15,215
Depreciation				
At 31 March 2019	3,269	7,149	644	11,062
Charge for the period	249	116	–	365
Disposals	–	–	–	–
At 28 March 2020	3,518	7,265	644	11,427
Net book value				
At 28 March 2020	3,324	464	–	3,788
At 30 March 2019	3,402	487	–	3,892

Freehold land of £997,000 (2019: £997,000) has not been depreciated.

At 28 March 2020, the Company had entered into contractual commitments for the acquisition of property of £nil (2019: £nil) and there were assets under the course of construction where depreciation has not yet commenced of £nil (2019: £nil).

44. RIGHT-OF-USE ASSETS

	Short leasehold land and buildings £'000
Cost	
At 31 March 2019 – initial application of IFRS 16	13,883
At 28 March 2020	13,883
Amortisation	
At 31 March 2019	–
Charge for the period	(1,634)
At 28 March 2020	(1,634)
Carrying amount	
At 28 March 2020	12,249
At 30 March 2019	–

45. TRADE AND OTHER RECEIVABLES

	28 March 2020 £'000	30 March 2019 £'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	20,508	82,269
Prepayments and accrued income	291	761
	20,779	83,030

Interest is charged on amounts owed by Group undertakings at the following rates:

Mulberry Japan Co. Limited	4.5%
Mulberry (Asia) Limited	LIBOR plus 1.5%

46. TRADE AND OTHER PAYABLES

	28 March 2020 £'000	30 March 2019 £'000
Amounts falling due within one year:		
Amounts owed to Group undertakings	–	52,586
Accruals and deferred income	285	578
	285	53,164

Interest is not charged on amounts owed to Group undertakings.

47. DEFERRED TAX

	28 March 2020 £'000	30 March 2019 £'000
Deferred tax – accelerated capital allowances	–	–
Deferred tax asset at 31 March 2019	78	
Charge for the period	(78)	
Deferred tax asset at 28 March 2020	–	

48. RELATED PARTY TRANSACTIONS

Details of related party transactions are provided in note 35 to the Group financial statements. The Company has taken advantage of the exemption in FRS 101:8 not to disclose details of transactions with other wholly owned Group companies.

49. CONTINGENT LIABILITIES

Mulberry Group plc has acted as a guarantor on various property leases entered into between its subsidiaries and third-party lessors. No amounts were outstanding at the period end in respect of such guarantees (2019: £nil).

Since the period end, the Group has extended the revolving credit facility with HSBC until March 2022 which is secured on assets of Mulberry Group plc and other companies within the Group.

An authorised guarantee agreement exists on the assignment of a lease of a UK property to a third-party tenant. In the event of a default on rent payments by this tenant, the rent liability of £300,000 would pass to Mulberry Group plc. To date, there have been no such default events under this guarantee, and no liability for the rent on this property has been accrued as there is no expectation that any liabilities or cash outflows will arise for the Company as a result of this guarantee.

50. SHARE CAPITAL

The movements in share capital are disclosed in note 27 to the Group financial statements.

51. RESERVES

The movements in the Own share reserve are disclosed in note 28 to the Group financial statements.

52. SHARE-BASED PAYMENTS

Details of the Company's share-based payments are disclosed in note 31.

Details of the Capital redemption reserve are disclosed in note 28 to the Group financial statements.

53. EVENTS AFTER THE REPORTING PERIOD

Please refer to note 37.

NOTE: Please see explanatory notes at the end of this Notice regarding restricted attendance at this General Meeting and arrangements for voting.

Notice is given that the General Meeting of Mulberry Group plc will be held at Mulberry Group plc's offices, 30 Kensington Church Street, London, W8 4HA on 17 November 2020 at 11 am for the following purposes:

ORDINARY BUSINESS:

To consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions:

Adoption of financial statements

1. **That** the report of the Directors and the financial statements for the period ended 28 March 2020, together with the independent Auditor's report, be received and adopted.

Appointment of Auditor and Auditor's remuneration

2. **That** a new Auditor of the Company (to be named before or at the meeting) shall be appointed until the conclusion of the next General Meeting before which accounts are laid, and that their remuneration be agreed by the Directors and to authorise the Directors to determine the remuneration of the Auditors.

SPECIAL BUSINESS:

To consider and, if thought fit, pass the following resolutions, of which resolutions 3 and 4 will be proposed as ordinary resolutions, and resolution 5 will be proposed as a special resolution:

Amendment to the Company's borrowing powers

3. **That** in accordance with Article 108.2 (Borrowing Powers) of the Articles of Association, the Directors be authorised to exercise all borrowing powers of the Company as if Article 108 were deleted and substituted with:

108 Borrowing powers

108.1 Director's powers

Subject as herein provided and to the provisions of the Acts, the Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property and uncalled capital or any part or parts thereof and to issue debentures and other securities, assets (present and future), whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

108.2 Limitation on borrowing powers

The Board shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in respect of its subsidiary undertakings so as to procure (as regards its subsidiary undertakings in so far as it can procure by such exercise) that the aggregate principal amount at any one time outstanding in respect of moneys borrowed by the Group (exclusive of moneys borrowed by one Group Company from another and after deducting cash deposited) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed £30,000,000.

108.3 Definitions

For the purposes only of this Article 108:

(a) "**cash deposited**" means an amount equal to the aggregate of the amounts beneficially owned by Group Companies which are deposited for the time being with any bank or other person (not being a Group Company) and which are repayable to any Group Company on demand or within three months of such demand subject, in the case of amounts deposited by a partly owned subsidiary, to the exclusion of a proportion thereof equal to the proportion of its issued equity share capital which is not attributable, directly or indirectly, to the Company;

(b) **"moneys borrowed"** include not only moneys borrowed but also the following except in so far as otherwise taken into account:

(i) the nominal amount of any issued and paid up share capital and the principal amount of any debenture or borrowings of any person together with any fixed or minimum premium payable on redemption, the beneficial interest in which or right to repayment to which is not for the time being owned by a Group Company but the payment or repayment of which is the subject of a guarantee or indemnity by a Group Company or is secured on the assets of a Group Company;

(ii) the principal amount raised by any Group Company by acceptances or under any acceptance credit opened on its behalf by any bank or acceptance house (not being a Group Company) other than acceptances and acceptance credits relating to the purchase of goods or services in the ordinary course of trading and outstanding for six months or less;

(iii) the principal amount of any debenture (whether secured or unsecured) of any Group Company beneficially owned otherwise than by a Group Company;

(iv) the principal amount of any preference (or other non-equity) share capital of any subsidiary beneficially owned otherwise than by a Group Company;

(v) any fixed or minimum premium payable on final repayment of any borrowing or deemed borrowing (but any premium payable on final repayment of an amount not to be taken into account as moneys borrowed shall not be taken into account); and

(vi) any fixed amount in respect of a hire-purchase agreement payable in either case by a Group Company, which would be shown at the material time as an obligation in a balance sheet prepared in accordance with the accounting principles used in the preparation of the relevant balance sheet (and for the purpose of this sub-paragraph (vi) "hire-purchase agreement" means a contract of hire-purchase between a hire-purchase lender and a Group Company as hirer);

but do not include:

(vii) moneys borrowed by any Group Company for the purpose of repaying within six months of being first borrowed the whole or any part of any moneys borrowed and then outstanding (including any premium payable on final repayment) of that or any other Group Company pending their application for such purpose within that period;

(viii) moneys borrowed by any Group Company for the purpose of financing any contract in respect of which any payment of the price receivable under the contract by that or any other Group Company is guaranteed or insured by the Export Credits Guarantee Department or by any other institution fulfilling a similar function up to an amount equal to but not exceeding that part of the price receivable under the contract which is so guaranteed or insured;

(ix) an amount equal to the moneys borrowed of any company outstanding immediately after it becomes a Group Company provided that it became a Group Company during the six months preceding the calculation;

(x) an amount equal to the amount secured on an asset immediately after it was acquired by a Group Company provided that it was acquired during the six months preceding the calculation;

(xi) notwithstanding sub-paragraphs (i) to (vi) above, any moneys owed by a Group Company to any of its shareholders;

(xii) amounts borrowed or raised which are for the time being deposited with HM Revenue & Customs or any other body designated by any relevant legislation or order in connection with import deposits or any similar government scheme to the extent that a member of the Group retains an interest therein; and

(xiii) sums classified as lease liabilities for the purpose of International Financial Reporting Standard 16 Leases;

and in sub-paragraphs (vii) to (xiii) above references to amounts of moneys borrowed include references to amounts which, but for the exclusion under those sub-paragraphs, would fall to be included;

(c) there shall be credited against the amount of any moneys borrowed any cash deposited;

(d) for the avoidance of doubt, it is hereby expressly provided that for the purposes of the limit set out in Article 108.2 the following sums shall be deemed not to be moneys borrowed of the Group:

(i) any and all sums retained by any member of the Group (or their agent or nominee) under the terms of any contract or other arrangement relating to the construction of capital projects where the retention is made for the purposes of securing satisfactory completion and entry into service of the project for so long as and to the extent that any member of the Group is entitled to retain such sums under the relevant contract or arrangement;

(ii) sums advanced or paid to any member of the Group (or their agent or nominee) by customers of any member of the Group as pre-payments or progress payments or payments on account or by way of deposit or security in respect of any products or services or any guarantees or indemnities given by any member of the Group or under any sales contracts or settlements systems; and

(iii) sums which otherwise would fall to be treated as borrowed moneys of any member of the Group which were treated with the concurrence of the Auditors and in accordance with any current Statement of Standard Accounting Practice or other accountancy principle or practice generally accepted for the time being in the United Kingdom in the latest audited balance sheet of the relevant member of the Group on which such consolidation was based as otherwise than borrowed moneys of that member of the Group.

(e) **"relevant balance sheet"** means the latest published audited consolidated balance sheet of the Group, but where the Company has no subsidiaries it means the balance sheet and profit and loss account of the Company and, where the Company has subsidiaries but there are no consolidated accounts of the Group, it means the respective balance sheets and profit and loss accounts of the companies comprising the Group;

(f) **"equity share capital"** shall be construed in relation to a subsidiary undertaking without a share capital in the same manner as "shares" are defined in relation to an undertaking without a share capital under Section 1161(2), CA2006.

108.4 Currency conversion

When the aggregate amount borrowed required to be taken into account for the purposes of this Article 108 on any particular day is being ascertained any of such moneys denominated or repayable in a currency other than sterling shall if not subject to a contract or arrangement determining the rate of exchange be converted for the purpose of calculating the sterling equivalent either:

(a) with the exception of Excepted Foreign Currency Borrowings (as hereinafter defined), at the rate of exchange prevailing at the material time in London provided that the moneys comprising such borrowing shall be translated (if thereby such Sterling amount would be less) at the option of the Company at the rate of exchange prevailing in London six months before such time. For the purposes of this sub-paragraph the rate of exchange shall be taken as the middle market rate as at the close of business in London on the relevant day or, if such day is not a business day, on the last business day before the day in question;

(b) in the case of any Excepted Foreign Currency Borrowings, at the rate of exchange which would be applicable to the moneys comprising such borrowing on their repayment to the extent that such rate of exchange is fixed under any Exchange Cover Scheme (as hereinafter defined) in connection with such moneys borrowed provided that where it is not possible to determine the rate of exchange applicable at the time of repayment of any such moneys borrowed they shall be translated into Sterling under the terms of the applicable Exchange Cover Scheme on such basis as may be agreed with or determined by the Auditors or, if this is agreed by the Auditors not to be practicable, in accordance with the provisions of sub-paragraph (a) above;

For the purpose of this Article 108.4:

(i) **"Excepted Foreign Currency Borrowings"** means moneys borrowed denominated or repayable in a currency other than Sterling, which have the benefit of an Exchange Cover Scheme, and **"Exchange Cover Scheme"** means any exchange cover scheme, forward currency contract, currency option, back to back loan, swap or other arrangement taken out or entered into to reduce the risks associated with fluctuations in exchange rates; and

(ii) where under the terms of any borrowing the amount of money which would be required to discharge the principal amount of moneys borrowed in full if it failed to be repaid (whether at the option of the Company borrowing the same or by reason of default) at such material time is less than the amount which would otherwise be taken into account in respect of such moneys borrowed for the purposes of this Article, the amount of such moneys borrowed to be taken into account shall be such lesser amount.

108.5 Certification

A report or certificate of the Auditors as to the amount of the Adjusted Capital and Reserves or the amount of moneys borrowed falling to be taken into account for the purposes of this Article 108 or to the effect that the limit imposed by this Article 108 has not been or will not be exceeded at any particular time or times or as a result of any particular transaction or transactions shall be conclusive evidence of the amount or of that fact.

108.6 Bona fide estimate

Nevertheless for the purposes of this Article the Directors may at any time act in reliance on a bona fide estimate of the amount of the Adjusted Capital and Reserves and if in consequence the limit set out in Article 108.2 is inadvertently exceeded, an amount borrowed equal to the excess may be disregarded until the expiration of three months after the date on which by reason of a determination of the Auditors or otherwise the Directors become aware that such a situation has or may have arisen.

108.7 Exceeding limits

No debt incurred or security given in respect of moneys borrowed in excess of the limit imposed by this Article 108 shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security at the time when the debt was incurred or security given that the limit had been or would thereby be exceeded but no lender or other person dealing with the Company shall be concerned to see or enquire whether such limit is observed.

Amendment to the Directors' remuneration limit

4. **That** in accordance with Article 93 (Directors' fees) of the Articles of Association, the limit on the fees of the Directors of the Company (other than executive directors) shall be increased to £500,000 per annum.

Adoption of new Articles of Association

5. **That** the draft Articles of Association produced to the meeting and initialled for the purposes of identification by the chairman of the meeting be and they are adopted by the Company in substitution for, and to the exclusion of, its existing Articles of Association.

By order of the Board

Kate Anthony Wilkinson
Secretary
5 October 2020

Registered office: The Rookery, Chilcompton, Bath, Somerset, BA3 4EH

NOTES:

1. As a result of the ongoing Coronavirus (COVID-19) pandemic, and considering the latest UK Government measures on physical public gatherings, the Board is adopting a number of changes to the traditional running of a General Meeting of the Company. The Company wishes to advise that, in order to limit the risk of infection and protect the health and safety of shareholders and employees, the Board is planning that the General Meeting will be a closed meeting and convened with the minimum quorum of two shareholders present, which the Company will arrange. As a result, we regret shareholders will not be permitted to attend the meeting in person, and, in the interests of safety, anyone seeking to attend in person will be refused entry. The business of the meeting will be limited to the formal business set out in the Notice.

2. Voting on the resolutions will be by way of a poll rather than a show of hands. A poll ensures that the votes of shareholders who are unable to attend the General Meeting, but who have appointed proxies, are taken into account in the final voting results.

3. All shareholders are encouraged to vote by proxy in accordance with the instructions set out in this Notice. It is particularly important that shareholders vote by proxy at this General Meeting as they will be unable to attend in person. All shareholders are encouraged to appoint the Chairman of the meeting as their proxy rather than a named person, as they will not be permitted to attend the physical meeting. Appointing the Chairman as proxy will be the only way in which shareholders can cast their vote at the General Meeting.

4. In the spirit of transparency and engagement, should shareholders wish to ask any questions in relation to the resolutions set out in this Notice of General Meeting, which they may otherwise have asked at the General Meeting had they been in attendance, they are encouraged to contact the Company prior to the General Meeting by email to companysecretary@mulberry.com. Please label your email with "2020 GM Question" to enable swift identification. We will endeavour to respond to all questions received. Answers to common questions asked will be published in a Q&A document on the Company's website on the Investor Relations page.

5. All members holding ordinary shares who would ordinarily be entitled to attend, speak and vote at the meeting are encouraged to vote at the General Meeting via the completion of a proxy form. A proxy need not also be a member of the Company but must be able to attend the General Meeting in order to represent their appointer. On this occasion due to the restricted nature of the General Meeting, shareholders are encouraged to appoint the Chairman as their proxy to ensure their vote is included. A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the General Meeting. To be effective the form must reach the Company's registrar, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 11 am on Friday 13 November 2020.

6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those persons registered in the register of members of the Company at 6 pm on Friday 13 November 2020 (or if the General Meeting is adjourned, 48 hours before the time fixed for the adjourned General Meeting) shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the General Meeting. However, further to UK Government guidelines in response to the COVID-19 pandemic and overriding health and safety concerns, shareholders should note attendance and voting at the General Meeting is subject to the restrictions contained in this Notice.

7. Please note that communications regarding the matters set out in this Notice of General Meeting will not be accepted in electronic form other than as specified in the enclosed form of proxy.

8. As at 5 October 2020 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 60,077,458 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 5 October 2020 are 60,077,458.

9. The Register of Directors' interests will be available for inspection at an agreed time at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded). Please email companysecretary@mulberry.com to book an appointment to view the register.

EXPLANATORY NOTES TO THE BUSINESS TO BE TRANSACTED AT THE MEETING

Resolution one – Adoption of financial statements

The Directors are required by law to present copies of the Company's Annual Report and Accounts to shareholders at a General Meeting of the Company, together with the Directors' reports and Auditor's report on the accounts.

The annual report is available on the Company's website at www.mulberry.com/investor-relations/reports. Printed copies have been sent to all registered shareholders.

Resolution two – Appointment of Auditor and Auditor's remuneration

This resolution concerns the appointment of the Auditor to the Company, until the next General Meeting at which accounts are laid, that is, the next AGM. The Company will confirm the identity of the Auditor to be appointed either before or at the meeting. This resolution also authorises the Directors to fix the Auditors' remuneration.

Resolution three – Amendment to the Company's borrowing powers

Article 108 of the Company's Articles of Association (the "**Articles**") sets a limit on the net amount that the Company and its subsidiaries (the "**Group**") is permitted to borrow (the "**Borrowing Power**"). The Borrowing Power may be amended by ordinary resolution. The Company is proposing to amend the Borrowing Power by making the following changes:

- The limitation is proposed to be set as a fixed monetary amount of £30,000,000 rather than a variable figure calculated by reference to an amount equal to three times Adjusted Capital and Reserves (as is currently the case in the Company's existing Articles). This is to avoid uncertainty and volatility caused by the adoption of new accounting standards and changes of accounting policies and to ensure that the Company retains the ability to borrow an amount that is appropriate to its size and operations.
- Until 31 December 2018, leases of land and buildings were classified as either finance or operating leases under IAS 17. Only finance leases were included as a liability on the balance sheet. As a result of the adoption of IFRS 16, the distinction between finance and operating leases was removed and replaced with a single categorisation of lease liabilities. The Company's accounts, therefore, recognised additional lease liabilities on its balance sheet in relation to leases that had previously been classified as operating leases. This had the result of reducing the amount the Group could borrow. Accordingly, it is proposed that lease liabilities should be excluded from the definition of debt for the purposes of the Borrowing Power.
- Under the existing provisions of the Articles, amounts owing to joint venture partners of the Group would be classified as debt. The Directors are of the view that such amounts owing are not intended to be captured in the Borrowing Power and therefore are proposing that it should be excluded from the definition of debt for the purposes of the Borrowing Power.

The Directors consider it commercially prudent and timely to refresh the borrowing limit and believe that the amendment of the Borrowing Power is in the best commercial interests of the Group. As at 25 September 2020, the Group's net cash position was £8m, having not drawn down on its revolving credit facility.

Resolution four – Amendment to the Directors' remuneration limit

The Company's Articles contain a limit on the Company paying fees to Directors (other than Executive Directors) in excess of £250,000 per year (the "**Limit**") other than with approval of the shareholders. The Company has not updated the Limit since adopting the Articles in August 2010. The Company is proposing to amend Article 93 to increase the aggregate fee limited for Directors of the Company from £250,000 to £500,000 per annum.

The proposal to increase the Limit on Non-Executive Directors' fees is to allow the Company some headroom in relation to any further appointments of Non-Executive Directors, whether to fill vacancies or to appoint additional Directors, and to ensure that the fees payable to Non-Executive Directors reflect their skills and qualifications and workload expected of them in their roles.

There is no plan to change Non-Executive Directors at this time and the level of fees paid to Non-Executive Directors will continue to be monitored by the Directors to ensure they remain in line with market practice. This change relates to the fees paid to Non-Executive Directors only.

Resolution five – Adoption of new Articles of Association

It is proposed that the Company adopt new Articles of Association in the place of the current Articles of Association of the Company. The primary changes to the Articles of Association are:

1. Include the amended Article 93 (Directors' fees) – the amendments to Article 93 are set out above;
2. Include the amended Article 108 (Borrowing Powers) – the amendments to Article 108 are set out above; and
3. Several minor 'tidy-up' changes.

The new Articles of Association, together with a marked-up version of the current Articles of Association showing all of the proposed changes, are available for inspection on the Company's website at www.mulberry.com/investor-relations/reports. For the avoidance of doubt, providing they are passed, resolutions three and four will not be affected if resolution five is not passed. However, resolution five has been proposed largely to ensure that the copy of the Articles filed at Companies House reflects the changes made pursuant to resolutions three and four.

Group five year summary

52 weeks ended 28 March 2020

	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000
Results					
Revenue	155,867	168,121	169,718	166,268	149,321
Operating profit/(loss)	7,725	8,194	6,736	(4,980)	(43,020)
Profit/(loss) before tax	6,110	7,107	6,917	(5,008)	(47,866)
Profit/(loss) attributable to equity shareholders	2,685	5,338	6,391	(2,479)	(44,126)
Loss attributable to non-controlling interests	–	(348)	(1,485)	(2,372)	(2,732)
Assets employed					
Non-current assets	40,904	36,667	34,421	41,580	79,249
Current assets	69,159	78,584	84,914	67,590	54,346
Current liabilities	(30,147)	(29,607)	(29,707)	(26,693)	(40,708)
Non-current liabilities	–	–	(1,385)	(1,770)	(79,366)
Net assets	79,916	85,644	88,243	80,707	13,521
Key statistics					
Earnings/(loss) per share	4.5p	8.4p	8.3p	(8.2p)	(78.9p)
Diluted earnings/(loss) per share	4.5p	8.4p	8.2p	(8.2p)	(78.9p)

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