Mulberry

Annual Report and Accounts

FOR THE PERIOD ENDED 30 MARCH 2019

Highlights

53 weeks ended 30 March 2019

FINANCIAL HIGHLIGHTS

- Revenue of £166.3 million (2018: £169.7 million) with International up 7% and UK down 6%
- Adjusted profit before tax of £1.0 million (2018: £8.0 million)
- Reported loss before tax of £5.0 million (2018: profit before tax of £6.9 million)
- Adjusting items* of £6.0 million (2018: £1.1 million)
- Inventory reduced by 11% to £39.7 million (2018: £44.6 million)
- Dividend 5.0p per share (2018: 5.0p)

OPERATING HIGHLIGHTS

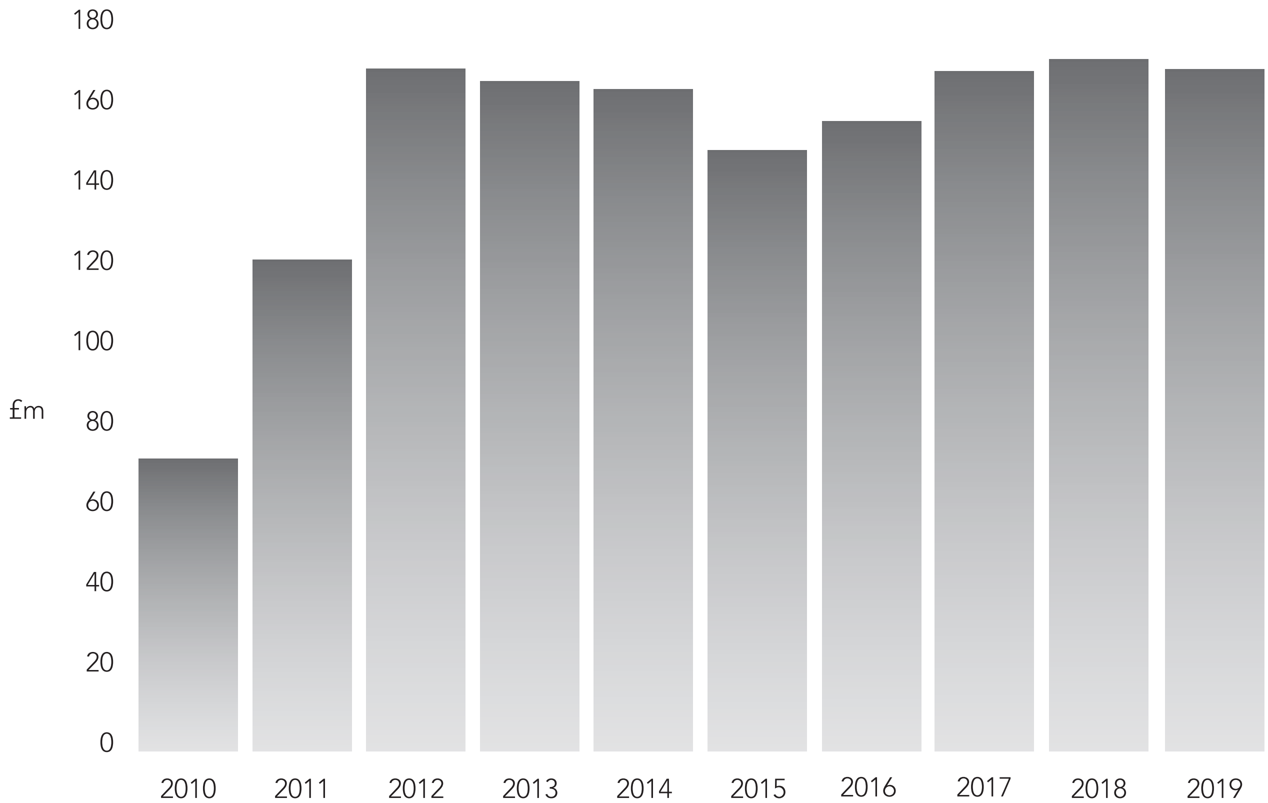
- New subsidiaries established in Japan and South Korea
- Digital sales increased by 27%, representing 22% of Group revenue (2018: 17%)
- Direct to customer strategy progressed through successful conversion of John Lewis from Wholesale to Retail with approximately 90% of Group revenue now generated through Mulberry channels
- Disruption from House of Fraser administration materially affected the Group's UK performance
- Lifestyle offering enhanced with successful launch of eyewear collection under licence during February 2019

CURRENT TRADING AND OUTLOOK

- New global concession launched on Farfetch.com during April 2019
- New stores opened in New York City and Dubai featuring the new store concept
- Retail total sales up 13% for the 11 weeks to 15 June 2019 with International up 31% and UK up 7%

* Adjusted profit before tax is stated before South Korea launch costs (£1.8 million), a profit write-back on the conversion of John Lewis from a wholesale to concession business model (£1.3 million), House of Fraser administration write-offs (£2.1 million) and fixed asset impairment costs of (£0.8 million).

TEN YEAR REVENUE REVIEW



Contents

Directors, secretary and advisers

53 weeks ended 30 March 2019

Directors:	Godfrey Pawle Davis FCA Thierry Patrick Andretta Neil James Ritchie FCA 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
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Solicitors:	Osborne Clarke Bristol
Principal Bankers:	HSBC Bank plc Bristol
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1. BUSINESS REVIEW

Mulberry, founded in Somerset in 1971, is a British luxury brand with a rich heritage in leather craftsmanship. With a strong following in the UK, the Group is pursuing a strategy to become a global luxury brand through international expansion and extension of its lifestyle ranges. Mulberry operates a direct to customer model with 103 owned stores and 22 franchise partner stores across 25 countries, with a focus on developing its Digital business and its leading omni channel capability.

During the period, the Group continued to progress its International and direct to customer strategy, establishing new business entities in Japan and South Korea, and held a significant consumer focused event in Seoul during September 2018 to launch the new business.

With the digital network and subsidiary company development phase largely complete, the Group operates directly in all major markets and generates approximately 90% of revenue through Mulberry owned and franchise partner channels. Looking ahead, investment in International markets will be focused on brand development and leveraging the Group's Digital and omni-channel network and recently established Digital partnerships.

The new businesses in Asia have supported the growth in International revenue which increased by 7% and represented 31% of Group revenue for the period (2018: 28%).

In the UK, the Group's performance was materially affected by House of Fraser entering into administration during August 2018 and general weakness in the wider UK retail environment resulting in a 6% decline in revenue. During the second half of the financial period, the Group's business with John Lewis was converted from Wholesale to retail concession, allowing the Group to recover a significant proportion of lost revenue associated with the House of Fraser disruption whilst progressing the Group's direct to customer model.

Global Digital revenue continued to grow strongly, increasing by 27% to £36.9 million (2018: £29.0 million), helped further by the contribution of the strategic partnerships established during the second half of the period, including johnlewis.com, Tmall and Secoo.

As the Group advances its International and direct to customer strategy, it continues to take back ownership of distribution in target markets and launch new businesses. As these new ventures are undertaken, the Group plans investment to fund working capital and meet business launch requirements, including the repurchase of inventory previously sold to former distributors. During the period, several transactions were completed and non-trading financial effects resulted. In addition to these effects, the Group has also incurred debt write-off relating to House of Fraser's entry into administration and fixed asset impairment charges. The Group has isolated these effects to report an adjusted profit in order to provide clarity on underlying business performance.

Adjusted profit before tax for the period was £1.0 million (2018: £8.0 million).

The reported loss before tax for the period was £5.0 million (2018: profit before tax of £6.9 million).

The implementation of agile supply chain processes contributed to a reduction in inventory of 11% to £39.7 million at 30 March 2019 (24 March 2018: £44.6 million). Net cash balances at 30 March 2019 were £11.1 million (24 March 2018: £25.1 million).

Revenue

Total Group revenue for the period was £166.3 million (2018: £169.7 million) with Retail revenue up 2%, including Digital revenue up 27%, and Wholesale revenue down 16%.

	52 weeks to 24 March 2018 (£ millions)	53 weeks to 30 March 2019 (£ millions)	Total change (this period vs last year)
International Retail Revenue*	25.7	31.3	+22%
International Wholesale Revenue	22.4	20.4	–9%
Total International Revenue	48.1	51.7	+7%
UK Retail Revenue*	106.3	103.5	–3%
UK Wholesale Revenue	15.3	11.1	–27%
Total UK Revenue	121.6	114.6	–6%
Total Retail Revenue*	132.0	134.8	+2%
Total Wholesale Revenue†	37.7	31.5	–16%
Total Group Revenue†	169.7	166.3	–2%

* Regional splits include Digital revenue; Global Digital revenue increased by 27% during the period to 30 March 2019.

† Excluding the 53rd week, Total Group revenue decreased by 3% during the comparable 52 week period.

Product

The Group's core focus on leather goods is complemented by a lifestyle range, with design and product development based in London and Somerset.

In leather goods, the Amberley family has cemented its status as a bestselling handbag and further animations were introduced to enhance the range during the period. Other newly launched handbag styles which gained momentum during the period include the Seaton, Leighton and Hampstead bag families. The category of mini-bags was further enhanced and developed, appealing to the modern customer's needs.

The Artisan studio, which is based in the Somerset factories, provided several unique and limited edition collections including products to support the Korea business launch and the opening of the Regent Street store.

During the period, the Group successfully launched its first eyewear collection which includes iconic and fashionable sunglasses as well as optical frames. These ranges are distributed across the Mulberry store network as well as selected opticians in the UK. Other lifestyle categories saw further newness with a rotation of technology, soft accessories and jewellery as well as a new direction introduced for the men's leather accessories range.

Brand and Marketing

Mulberry proudly celebrates its British heritage with a unique fusion of tradition and innovation while aspiring to offer the highest craft standards and value in its products. With a customer-centric focus, social and digital media play an increasingly important role in the Group's marketing strategy.

SeoulxMulberry was held during September 2018 to coincide with the establishment of the new business entity, Mulberry Korea, with a pop-up shop offering a limited edition bag collection and other interactive features.

In London, #MulberryLights (November 2018) featured a series of illuminating interactive experiences to coincide with the festive season whilst #MulberryReflections marked the official launch of the first Mulberry sunglass collection which was introduced during London Fashion Week (February 2019).

Digital and Omni-channel Platform

The Group continued to develop its own global Digital and Omni-channel business model whilst also establishing a network of strategic digital partnerships in key territories to provide high quality revenue and marketing reach.

In addition to its continued geographic expansion, several enhancements were introduced to the mulberry.com platform including improved search functionality, brand and product stories, live chat, the launch of a local currency and language site in Japan and local fulfilment services in Japan and Australia.

Strategic digital concessions have been established to complement the mulberry.com platform, build brand awareness and enhance the customer experience, particularly in strategic markets across Asia. As part of this initiative, new digital concessions were initiated with Tmall (Alibaba) and Secoo in China during the period. In the UK and as part of the transition of John Lewis stores to a concession arrangement, johnlewis.com converted to a new digital concession during November 2018.

Retail Store Network

The directly operated store network was further expanded and enhanced during the period.

The focus of the expansion was in Asia, where the Group increased its retail estate from 6 to 34 stores, acquiring 23 new stores as part of the new subsidiaries created in Japan (5) and South Korea (18) with 7 new stores opened in China (3), Japan (2) and South Korea (2). The Group closed its pop up location in Hong Kong and its store in Sydney as the Australia business transitioned to a franchise partner arrangement with Luxury Retail Group ("LRG").

In North America and Europe, the Group continued to refine and rotate the portfolio with a net decrease of 3 stores to 14 stores at the end of the period.

The UK network increased by 9 to 55 retail points of sale, reflecting the conversion of 15 John Lewis concessions and a new store on Regent Street whilst 2 non-strategic locations in York and London Stratford were closed and 4 House of Fraser concessions were closed as a result of the department store entering into administration.

During the period, the Group continued to operate 17 stores at House of Fraser under a concession arrangement following its acquisition by Sports Direct plc.

The new store concept was introduced with the opening of the store on Regent Street during September 2018. The concept is a collaboration between British architect Faye Toogood and Johnny Coca, the Group's Creative Director, and features design elements that represent the brand's distinctive British heritage. The concept has introduced advanced technology features, including an innovative customer-facing mobile point of sale which has enabled traditional EPOS tills to be completely removed and created an enhanced customer experience in store.

At 30 March 2019 there were 103 directly operated stores (2018: 69 stores), of which 48 stores were in International markets (24 March 2018: 23 stores) with 6 stores fitted out in the new concept.

Selective Wholesale and Franchise

As part of the Group's strategy to improve customer experience, further Wholesale and Franchise business converted to Retail during the period. This included the formation of subsidiaries in Japan and South Korea, which were previously run by franchise partners, as well as the conversion of the Group's business with John Lewis in the UK which was previously operated as a Wholesale partner.

As noted above and as a result of these changes, 23 stores from the franchise network transferred to own retail during the period and Wholesale revenue reduced.

Whilst the Group has transitioned several markets and the John Lewis business to Retail, highly valued multi-brand wholesale and Mulberry franchise partner businesses remain in place in the USA, Scandinavia, Australia, Southeast Asia, the UK and Europe.

Elsewhere in the network, 2 new franchise partner stores have been opened in Australia with LRG and 1 franchise partner store was opened in Dubai.

The franchise partner store network at the period end totalled 22 stores in Asia Pacific, Europe and the Middle East (2018: 45 stores), of which 3 stores are in the new concept.

Financial

During the period, the Group made progress in developing its international business and growing Digital whilst managing a challenging UK environment.

International revenue continued to grow as a result of expansion into Asia and the establishment of new subsidiaries in Japan, South Korea, China, Hong Kong and Taiwan, over the past three years. In addition to the scaling up benefit of converting revenue from Wholesale to Retail, growth is attributed to a greater focus on merchandising, development of the Group's digital sales and selective store openings. At the same time, the Group has closed a number of stores in non-strategic locations across Europe and North America.

The expansion into Asia has required significant investment over the past three years to repurchase previously sold stock, acquire assets and to provide funds for working capital. During the period under review, £1.8 million was expensed relating to the set-up and launch of Mulberry Korea. Future investment in Asia will be focused on further developing the brand through marketing and the expansion of the digital and omni-channel platform.

In the UK, the retail market was challenging. In particular, House of Fraser's entry into administration has materially affected revenue in addition to the bad debt and fixed asset write-off of £2.1 million. Although the Group entered into an agreement with Sports Direct plc upon its acquisition of House of Fraser, the business continued to trade below previous levels.

The conversion of John Lewis from Wholesale to Retail during November 2018 has been a significant step in recovering UK revenue and improving profitability. Transitional costs of £1.3 million were incurred as part of the transaction relating to the write back of profit on inventories previously sold to John Lewis whilst it was a wholesale account.

Gross margin for the period to 30 March 2019 decreased to 61.5% (2018: 63.5%), primarily due to the write back of profit on the repurchase of previously sold inventory from John Lewis and the South Korean distributor when converting these businesses from Wholesale to Retail.

As described above, due to the expansion phase of the business and challenging UK conditions, the Group incurred a significant level of adjusting items during the period which totalled £6.0 million (2018: £1.1 million). The Group has isolated these effects to report an adjusted profit before tax in order to provide clarity on underlying business performance.

The adjusted profit before tax was £1.0 million (2018: £8.0 million).

The reported loss before tax was £5.0 million (2018: profit before tax of £6.9 million).

A tax credit of £0.2 million arose during the period (2018 tax expense: £2.0 million) and relates to an adjustment of £1.6 million in the treatment of foreign currency in previous tax submissions. This is not anticipated to be a recurring item.

Adjusted EBITDA was £8.4 million (2018: £15.4 million) and although reduced, conversion of EBITDA to cash has remained consistent with previous periods.

Capital expenditure during the period increased to £11.9 million (2018: £5.4 million), highlighting the Group's current investment phase. This included £9.3 million related to stores (including Digital), £1.8 million in IT systems and £0.5 million in the Group's factories.

Inventory reduced by 11% to £39.7 million at the end of the period (2018: £44.6 million) despite the Group's expansion into Asia and the John Lewis transition to a concession model, and reflects management's focus on agile supply chain processes and inventory control.

The Group's net cash balances at the period end were £11.1 million (2018: £25.1 million).

The Board of Mulberry seeks to balance paying dividends to shareholders with investing in the business. The Board remains confident of the medium term outlook and is recommending the payment of a dividend of 5.0p per ordinary share (2018: 5.0p) which will be paid on 21 November 2019 to shareholders on the register at 25 October 2019.

2. CURRENT TRADING AND OUTLOOK

Retail Sales

Total Retail sales (including Digital) were up 13% for the 11 weeks to 15 June 2019 with International Retail up 31% and UK Retail up 7%. During the same period, Digital sales increased 53%.

	Retail total sales	
This period vs. last period(%)	53 weeks to 30 March 2019	11 weeks to 15 June 2019
UK Retail Revenue*	–3%	+7%
International Retail Revenue*	+22%	+31%
Total Group Retail Revenue	+2%	+13%

* Regional analysis includes Digital sales.

UK Retail

As has been widely reported, the UK retail environment has remained challenging with lower domestic footfall and reduced tourist spending.

However, the newly created John Lewis concession has performed ahead of expectations and a further 4 concessions have been opened since 30 March 2019, bringing the total number of physical locations with John Lewis to 19 as at 18 June 2019.

Looking ahead, the Group remains focused on maximising profitability in its home market whilst continuing to meet the demands of its customers through enhancing and developing Mulberry Retail stores and the Group's Digital and omni-channel offering.

International Retail

International Retail revenue has grown due to the expansion of space over the last year and growth in Digital revenue where the Group's own platform growth has been complemented with sales from new concession agreements with leading fashion sites including Tmall and since the end of the period, from Farfetch.

Looking ahead, International development will continue to be a key strategic priority. Investment will be focused on marketing, with a customer event planned for Japan during August 2019, and continued fast rotation of seasonal inventory.

Since the end of the period, the store network continues to be enhanced and extended across key markets. In North America, a store was opened in Rockefeller Center, New York on 5th Avenue during April 2019, a location with high visibility for both domestic customers and tourists.

The Group anticipates that International revenue will continue to increase as a proportion of Group revenue.

Digital and Omni-channel

Further enhancements to the mulberry.com platform are planned including the roll-out of omni-channel services in strategic Asian and Middle Eastern markets as well as local fulfilment in South Korea. There are also plans for additional languages and currencies to be offered on mulberry.com.

In addition, the complementary network of strategic digital concessions is also being developed further. During April 2019, the Mulberry global digital store was launched on Farfetch, the leading global technology platform for the luxury fashion industry. The partnership is expected to further enhance Mulberry's direct to customer model and advance the Group's International growth strategy. The partnership with Farfetch follows other digital concessions which have been established over the last year in China including Tmall (Alibaba) and Secoo.

Selective Wholesale and Franchise

The Group continues to partner with selective, high quality wholesale and franchise partners.

Wholesale and Franchise revenue for the current financial period will reflect the transfer of revenue to Retail resulting from the conversion of South Korea during August 2018 and John Lewis during November 2018.

During the period, LRG plans to open a number of stores in Australia and these will feature the new store concept.

The recently opened store at Dubai Mall also features the new store concept.

Capital expenditure

The selective roll-out of the new store concept will continue during the period to March 2020 and will continue during the next few years.

Capital expenditure for the period ending 31 March 2020 is expected to be in the region of £6.0 million (2019: £11.9 million), of which the majority will be on stores.

Brexit

The ongoing delay in agreeing the nature of the UK's potential exit from the European Union continues to create uncertainty that could impact the performance of the business.

The Group operates an internal Brexit Committee which meets regularly to assess the primary impacts which are considered to be a potential deterioration in UK consumer sentiment, foreign currency risk, import and export duty rate changes and supply chain disruption.

The Committee reports to the Board on a regular basis and continues to monitor the ongoing negotiations between the UK and the EU to assess the potential impact and any transitional arrangements that may be agreed.

IFRS 16

The Group intends to implement IFRS 16, Leases, for the financial period to 31 March 2020 on a modified retrospective basis.

The application of IFRS 16 will result in the recognition of a lease liability and a corresponding right of use asset on the Group's balance sheet which the Board estimates to be between £118.0 million and £123.0 million. The adoption of the Standard is anticipated to result in a non-cash impact on the income statement of between £1.0 million and £2.0 million due to the reclassification of rental cost to depreciation and interest charge.

Changes to Board of Directors

As previously announced, Neil Ritchie, Chief Financial Officer, will step down from his role on 30 June 2019. The Board would like to express its thanks to Neil for his valuable contribution to the Group over the past three years and wish him every success in his future endeavours.

The Board is well advanced in identifying a successor and a further announcement will be made in due course.

3. STRATEGY

The Board's long term objective is to create shareholder value by growing Mulberry as a global luxury brand through International expansion and a direct to customer strategy, remaining focused on leather accessories as the core commercial focus and centered on innovation, British craftsmanship and design with an accessible luxury positioning. The Group considers that revenue growth is the key performance indicator with which this goal can be measured.

To achieve this objective, the Group remains focused on four core strategic pillars:

1. British luxury brand with global aspirations

Mulberry's Somerset manufacturing base and distinctive British heritage in leather craftsmanship will remain a key focus and a point of distinction for the brand. Innovation and creativity are central to the Group's customer-led product strategy which focuses on anticipating the evolving needs of its existing and aspirational customers.

The Group will continue to focus on creating distinctive leather goods with an accessible luxury positioning for women and men whilst further enhancing and developing its complementary lifestyle ranges. This is supported by the Group's integrated marketing approach which aims to drive engagement and relevance with its customers.

The successful launch of eyewear represents a major step in enhancing the brand's lifestyle offering with plans to add further depth to other ranges including trainers, men's leather accessories and luggage.

With a focus on its unique British positioning, international marketing investment is increasing as part of the focus on acquiring international customers and raising brand awareness in key markets. The recently adopted customer event format for new collection launches will continue to be part of a 360 degree approach using experiences, partnerships and storytelling.

2. British Manufacturing

The Group will continue to maintain its distinctive "Made in England" positioning through further enhancement of its two UK factories in Somerset. Investment in the most advanced technology will continue to ensure high productivity levels are maintained.

In addition, the Group will continue to run an extensive apprentice programme to develop the next generation of craftspeople.

The Group expects its UK factories to continue to manufacture approximately 50% of bags.

3. International development with focus on Asia Pacific

Over the past three years, the Group has made significant progress in International development by creating a directly operated presence in strategic markets in Asia Pacific through newly established subsidiaries.

With this direct to customer framework now in place in key markets in Asia, the Digital and omni-channel network will be further developed and enhanced with select store openings in high visibility and high traffic locations, the roll-out of omni-channel services and the expansion of the newly introduced Digital concession model. Investment will also be focused on marketing, with a customer event planned for Japan during August 2019.

In North America and Europe, selective rotation of stores will continue to improve profitability and provide a base for long term growth.

International represented 31% of Group revenue during the period under review (2018: 28%) and is expected to continue to increase as a proportion of total Group revenue.

4. Direct to customer model

The Group plans to continue to invest in Digital and Omni-channel and its global store network to further develop its direct to customer model. On a global basis, approximately 90% of revenue is generated through Retail, Digital and partner stores.

The global store network will continue to be developed and expanded on a selective basis. The new store concept has been established and represents a different experience for our customer with distinctive decoration and fit-out of the space and introduces innovative, customer-facing technology features.

The mulberry.com platform trades in nine currencies, five languages, ships to over 190 countries and offers integrated omni-channel services. Following the recent launch of local fulfilment in Japan and Australia, mulberry.com sites with enhanced and localised customer experiences are due to launch in China. These services will continue to be expanded and enhanced.

The recently established Digital concession model offers a fully integrated and complementary network to the mulberry.com platform, aiming to increase brand reach and awareness, particularly in high growth, strategic markets. Under the new agreement, 19 John Lewis concessions have been opened since November 2018. The global store on Farfetch was launched during April 2019.

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 which 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
Economic climate The Group may be impacted by a downturn in the UK or the wider global economic climate.	Increased	A significant amount of Mulberry sales are generated in the UK and, as has been widely reported, the UK retail environment remains very challenging. The Group's UK business is experiencing significantly softer trade at House of Fraser since it went into administration in August 2018 and UK consumer demand and lower tourist footfall 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. John Lewis converted from Wholesale to concession, recovering a significant proportion of lost revenue associated with the House of Fraser disruption. The Group's strong digital channel and omni-channel capability will offset in part, softer physical store revenues.
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.

Risk	Change in risk level from prior period	Potential impact	Mitigation
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.	Increased	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 for 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 was established in 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 stock to meet immediate commercial requirements. The agile supply chain in operation at Mulberry should be able to provide reactivity for a number of scenarios. The Board has assessed the potential worst case impact of Brexit on its profitability and cash flow forecasts as part of its going concern review and concluded that this did not change the appropriateness of preparing the financial statements on a going concern basis.

Risk	Change in risk level from prior period	Potential impact	Mitigation
Brand, competition and emerging technologies The Group operates in the luxury fashion sector and is subject to a risk of change in fashions and demand for its products. There is risk of potential deterioration in the Group's luxury brand position compared to competitors, difficulty in establishing brand awareness in new markets, or failing to invest in latest customer focused technologies. Competitive pressures, changes in luxury fashion trends, and hence consumer demand, in addition to emerging technologies to improve customer experience are continuing risks.	Unchanged	Such a deterioration 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 and digital 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.
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. As previously reported, the Group suffered a significant bad debt when House of Fraser went into administration. If other 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 October 2021, in addition to a £4.0 million multi-currency overdraft facility in place until May 2020. As such, the Group is on a firm financial footing and confident of its ability to continue as a going concern. Credit insurance was implemented in November 2018 for the Group's wholesale and concession debtors. Appropriate credit limits are set and continually reviewed.

Risk	Change in risk level from prior period	Potential impact	Mitigation
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.
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 and relevant KPIs in order 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.
Key employees The Group's success is dependent to a certain extent on the continued services of its Directors and senior management who have substantial experience in their specific roles in operation of and management of the business.	Increased	Loss of key members of the senior management team or other qualified employees could be detrimental to the business.	This is mitigated by regular reviews of remuneration packages (including long term incentive schemes) and succession planning within the management team. For each new management role, a comprehensive induction programme is in place followed by a detailed handover period where possible.

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.	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.	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 which would be implemented in the event of a major failure.
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.	Unchanged	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.
UK production The proportion of products being made in Mulberry's own UK based factories has increased to 50% over the last 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.

Risk	Change in risk level from prior period	Potential impact	Mitigation
Terrorist activity or major incident A major terrorist attack near to one of the Group's offices or production facilities could seriously affect the Group's operations, as would a fire or significant disruption to the Group's warehouse.	Unchanged	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 to mitigate the impact, as well as making sure that adequate business insurance is in place.
Trademarks 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.

CORPORATE SOCIAL RESPONSIBILITY

The Group's approach is based on a simple principle: that Mulberry will make a positive difference to its people, the environment and the communities in which it works. Employees are actively encouraged to find new ways of meeting our wider responsibilities, and as such have focused our initiatives in the following key areas:

- Climate change – investing in the latest technologies to help reduce energy consumption and impact on the environment and sourcing purchases from sustainable or renewable sources wherever possible;
- Reducing waste – there is a continuous process 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;
- Manufacturing and apprentices – Mulberry is proud to produce approximately 50% of its leather goods in its own British factories where it employs nearly 550 people. Since 2006 it has run an award-winning apprenticeship programme at these factories to train young people to become accomplished craftsmen and craftswomen;
- Fair partners – ensuring by way of regular audits that suppliers adhere to the Mulberry Global Sourcing Principles which help to create 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 £36 million are obliged to publish an annual Slavery and Human Trafficking statement which can be found on the Group's website, mulberry.com;
- Animal welfare – commitment to ethical practices and traceability in our leather, fur and exotic skins supply chains;
- Community involvement – Mulberry actively donates money, product and support to charities in our local communities. Each year charities are selected by employees for the Group to support. For the period under review these were Freewheelers, a South West based charity whose volunteers transport blood, pathology and other medical supplies by motorbike free of charge to the NHS, and Rhythms of Life, a London based charity providing meals, clothing and bedding for the homeless.

General Data Protection Regulation ("GDPR")

The Group takes its responsibility in handling an individual's data seriously. The security and use of data is discussed at Board level and the Group is compliant with relevant legislation and acts in a manner in keeping with the high expectations of our staff and customers.

Gender Pay

We are proud of our diverse workforce and believe fair and equal reward is vital to our success as an international luxury fashion business. Full details of our gender pay report for 2017/18 can be found on our website.

People

During the period, the Group has launched a significant number of new products and progressed several strategic projects. We would like to thank the entire Mulberry team for their continuing hard work and commitment to the brand.

The Strategic Report was approved by the Board of Directors and authorised for issue on 19 June 2019.

Thierry Andretta
Chief Executive
19 June 2019

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, Neil Ritchie as Chief Financial Officer 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.

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.

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.

INTERNAL FINANCIAL CONTROL

The Board has overall responsibility for the Group's systems of internal financial control and for monitoring their effectiveness.

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 year 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.

Mulberry Group plc is listed on the Alternative Investment Market 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 set 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. For the grant made during April 2015 this has been reduced to 2.5 years because the grant was originally intended to take place six months earlier but was delayed whilst its quantum was discussed and agreed by the Nominations and Remuneration Committee.

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 period.

A Co-ownership Equity Incentive Plan where participants are granted an interest in shares which 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 equally 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 and is subject to audit.

	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 [3]	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

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) 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.

	Basic salary/fees £'000	Bonus £'000	Taxable benefits £'000	Pension contributions(2) £'000	52 weeks ended 24 March 2018 Total £'000
Executive Directors					
Thierry Andretta (1)	622	300	318	10	1,250
Neil Ritchie	235	80	13	10	338
Non-Executive Directors					
Godfrey Davis	200	–	–	–	200
Chris Roberts	50	–	1	–	51
Steven Grapstein	45	–	–	–	45
Melissa Ong	45	–	1	–	46
Christophe Cornu	45	–	1	–	46
Julie Gilhart	45	–	4	–	49
	1,287	380	338	20	2,025

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

	24 March 2018	Granted	Exercised	30 March 2019	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
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 and may be exercised at any time between 1 January 2018 and 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 and may be exercised at any time between 1 July 2019 and 1 July 2026.

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

	24 March 2018	Granted	Exercised	30 March 2019	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 remains exercisable until 9 October 2019. The market price of these shares at the date of the award was £1.215.

(c) Options granted under the 2018 Performance Share Plan

	24 March 2018	Granted	Lapsed	30 March 2019	Exercise price (£)
Thierry Andretta	200,000	–	–	200,000	nil
Neil Ritchie	50,000	–	–	50,000	nil

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

Share price information

The market price of Mulberry Group plc ordinary shares at 30 March 2019 was £2.94 (2018: £7.74) and the range during the period was £2.60 to £8.03 (2018: £7.00 to £11.49).

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 30 March 2019.

RESULTS AND DIVIDENDS

The results for the period are set out in the Group income statement. The Directors are recommending the payment of a final dividend of 5.0p per ordinary share (2018: 5.0p) to be paid on 21 November 2019 to ordinary shareholders on the register on 25 October 2019.

GOING CONCERN

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. The risks that the business faces in the coming year, including the current economic climate, Brexit, uncertainty around the UK retail market and management of cash, and the mitigating actions which address these risks are set out in pages 11 to 16.

The Group had net cash of £11.1 million (2018: £25.1 million) at 30 March 2019. In September 2018, it signed a new £10.0 million revolving credit facility with HSBC until October 2021. This facility was increased to £15.0 million in May 2019. It also has a £4.0 million overdraft facility until May 2020, which is renewed annually. The Group meets its day-to-day working capital requirements through operating cash flows and free cash balances, and occasionally its revolving credit facility and overdraft. Capital expenditure and financing for its overseas operations is financed through a combination of these facilities and cash.

The Directors have reviewed the Group's budgets and cash flow forecasts for the period to December 2020 and in doing so considered reasonable possible changes over the forecast period. The review considered the forecast operating cash flows generated, cash flow implications of the Group's plans including funding requirements of its international joint ventures, capital expenditures, committed debt facilities at both the period end and post period end and compared these with the Group's cash requirements. The Directors also considered its forecast covenant compliance.

The review showed that when reasonable possible changes were modelled, including a decline in revenue due to challenges in the economic environment and lower demand, the Directors would need to carefully manage cash through detailed cost control in the short to medium term, although the Group was able to operate within its committed banking facilities during the period under review.

After reviewing the Group's cash flow forecasts to December 2020, including a downside case and potential mitigating actions, the Directors have a reasonable expectation that the Group has adequate resources to continue to meet its liabilities as they fall due, taking into account reasonably possible changes in trading conditions. Accordingly, they have adopted the going concern basis 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, 62, 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.

Neil Ritchie, FCA, 48, is the Chief Financial Officer, having joined Mulberry and been appointed as a Director on 16 May 2016. He is a fellow of the Institute of Chartered Accountants having trained professionally with PriceWaterhouseCoopers. He spent 15 years with Dyson in various financial and commercial roles across UK, Europe North America and Asia, most recently as Global Commercial Finance Director. Mr Ritchie has broad operational experience including in relation to supply chain and new business start-ups, and extensive financial experience including business performance management, taxation strategy and treasury management. Mr Ritchie will stand down as Chief Financial Officer and a member of the Board with effect from 30 June 2019.

Non-Executive Directors

Godfrey Davis, FCA, 70, 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, 55, 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, 61, 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 their Governance Committee and a member of their Audit committee. He also 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 served as a member of the Board of Directors and as Chairman of the Board (2010-2015) of Tesoro Corporation, a US publicly held Fortune 100 company engaged in the oil and gas industry. He also served as Chief Executive Officer (1994-2005) and 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, 45, 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 also a director of Knowhere Pte Ltd, and 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, 55, was appointed on 7 May 2013 and is an independent director. With effect from 1 July 2018 Mr Cornu became CEO of Nestlé France SA, having previously served as CEO of Nestlé Suisse SA, and been Chief Commercial Officer for Nestlé Nespresso SA. Mr Cornu is a marketing leader with a track record of developing major brands and breakthrough 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, 61, was appointed on 1 December 2014 and is an independent director. She is the founder of Julie Gilhart Consulting, Inc, a boutique consultancy that creates, connects and develops designers and brands with a mission to have a positive impact. Previously Ms Gilhart was the Senior Fashion Director at Barneys New York for 18 years where she was involved in all aspects of fashion brand building, marketing and business direction, including identifying and building brand relationships with up-and-coming designers. She serves as a member on the Boards of Parsons-New School, Tomorrow London Ltd and The Montauk Oceans Institute and is an advisor to Global Fashion Agenda, the Council for Fashion Designers America and Lexus Fashion Initiative. 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.

Executive Directors

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

	5p ordinary shares 2019	5p ordinary shares 2018
Godfrey Davis	718,527	718,527
Steven Grapstein	10,000	10,000
Melissa Ong	10,000	10,000

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 Co-ownership Equity Incentive Plan) and other interests in shares are disclosed in the Directors' remuneration report.

SUBSTANTIAL SHAREHOLDINGS

At 30 March 2019 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)	56.17%	33,726,444	Controlling shareholder
Banque Havilland SA	24.29%	14,585,720	Investor
Tybourne Capital Management (HK) Limited (2)	11.04%	6,628,979	Investor

(1) Challice Limited is controlled by Mr Ong Beng Seng and Mrs Christina Ong.
(2) Notification was made when the shareholding of Tybourne Capital Management (HK) Limited exceeded 11.0%.

At 19 June 2019 the interest held by Tybourne Capital Management (HK) Limited was 6,621,789 ordinary shares representing 11.03% of the voting rights and issued share capital. There were no changes in the interests held by Challice Limited and Banque Havilland SA.

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.

MOVEMENT IN THE COMPANY'S OWN SHAREHOLDING

Please refer to notes 25 and 26.

FUTURE DEVELOPMENTS

For further details please refer to the Strategic report.

BRANCHES

The Group operates branches, as defined in s1046(3) of the Companies Act 2006, in Eire, 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 30 March 2019 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 which 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.

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 £55,020 (2018: £71,000) during the period. The Group made no political donations in either period.

RISK MANAGEMENT

The Group's risk management policies can be found in note 32.

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 he/she ought to have taken as a Director to make himself/herself 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.

Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

The Directors' Report was approved by the Board of Directors and authorised for issue on 19 June 2019.

Neil Ritchie
Director
19 June 2019

Directors' responsibilities statement

53 weeks ended 30 March 2019

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 19 June 2019 and is signed on its behalf by:

Thierry Andretta
Chief Executive

Neil Ritchie
Chief Financial Officer

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 30 March 2019 and of the Group's loss for the 53 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 47.

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).

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.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current period were: • Impairment of property, plant and equipment in stores where there are indicators of impairment; and • Accounting for acquisitions and the impairment of related goodwill. The key audit matters identified are similar to those identified in the prior period.
Materiality	The materiality that we used for the group financial statements was £850,000 which was determined on a combination of benchmarks used by stakeholders in the business. Materiality represents 0.5% of revenue and 1% of net assets. (2018: 0.5% of revenue and 1% of net assets.)
Scoping	Based on our assessment, we identified three components which, in our view, required full scope audit of their financial information in order to ensure sufficient appropriate audit evidence was obtained. Our full scope audit covered 92% of Group revenue, 81% of Group profit before tax* and 78% of Group net assets*. * Percentages are disclosed on an absolute basis to give an appropriate indication of the contribution and size of the component to the Group as a whole.
Significant changes in our approach	For the first time, we have included the North Asia component within the scope of requiring a full scope audit and have performed analytical review procedures on the newly acquired Japan and Korea businesses. There have been no other significant changes to our audit approach in the current period.

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.

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 which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

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

Impairment of property, plant and equipment in stores where there are indicators of impairment	
Key audit matter description	The Group owns store property, plant and equipment with a net book value of £13.6 million (2018: £10.9 million) and has recognised an impairment charge of £0.8 million (2018: £0.4 million) against these assets. Property, plant and equipment are reviewed for indicators of impairment. Certain stores within the Group generate operating losses and accordingly there is a key audit matter that the in-store fixed assets, being the property, plant and equipment, are impaired. Certain stores are designated as flagship stores and generate losses. There is a key audit matter that indicators of impairment for the flagship stores are identified and that the in-store fixed assets are also impaired. Where a cash generating unit has an indicator of impairment and an impairment review is performed, we have identified a key audit matter around key assumptions applied in management's impairment model. Specifically around the revenue growth assumptions over the impairment review period A cash-generating unit for the Group is considered to be an individual store. Impairment of property, plant and equipment (which includes those assets held in loss making and flagship stores) is included as an area of critical judgement in note 4 to the financial statements. The net book value of store property, plant and equipment and the impairment charge for the period is disclosed in note 17.
How the scope of our audit responded to the key audit matter	We have performed the following procedures around this key audit matter: • Assessed the design and implementation of relevant controls around management's process for identifying stores with indicators of impairment and for determining the key assumptions that require judgement, being the projected revenue growth over the impairment review period. • Challenged management's identification of stores with indicators of impairment through reviewing store profitability. • Challenged the classification of stores as flagship stores and reviewed the performance of these stores against budget. • Challenged the revenue growth rates with reference to historical trading performance and external economic benchmarking data. • Assessed the mechanical accuracy of the impairment models and the methodology applied by management for consistency with the requirements of IAS 36 'Impairment of assets'. • Assessed the completeness and accuracy of the disclosures in the financial statements in accordance with the relevant IFRS's.
Key observations	We were satisfied that management's judgements applied, the impairment recorded and the related disclosures in the financial statements are materially appropriate.

Accounting for acquisitions	
Key audit matter description	In August 2018 Mulberry Korea, a 60% subsidiary of the Group, acquired the trade and assets of the previous Mulberry franchise in Korea. The acquisition of the trade and assets by Mulberry Korea has been accounted as a business combination. The trade and assets acquired were £1 million of fixed assets, £0.9 million of liabilities, £1.6 million of acquired stock and £2.6 million of goodwill. No other intangible assets were recognised as part of the acquisition. We have identified a key audit matter as follows: • The identification of acquired intangibles being goodwill; and • The revenue growth assumptions used in the goodwill impairment review at the period end. International subsidiaries is included as a principal risk in the Strategic report on page 11. Goodwill and associated disclosures on impairment reviews performed are included in note 16 and the results associated with the acquisitions in the period are shown in note 34.
How the scope of our audit responded to the key audit matter	We have performed the following procedures around this key audit matter: • Assessed the design and implementation of relevant controls in respect of acquisition accounting. • Inspected the Sale and Purchase Agreement and supporting contracts to validate the terms of the acquisition has been appropriately treated in line with the requirements of IFRS 3 *Business Combinations*. • Challenged the identification of intangible acquired, being goodwill. • Challenged the growth rates included in the discounted cash flow prepared by management to support the carrying value of goodwill recognised at the period end. • Assessed the completeness and accuracy of the disclosures in the financial statements in accordance with relevant IFRS's.
Key observations	We were satisfied that management's judgements in respect of accounting for acquisitions is considered reasonable and the accounting and disclosures for the acquisitions made in the period and the goodwill impairment review are appropriately stated.

OUR APPLICATION OF 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	£850,000 (2018: £850,000)	£722,500 (2018: £756,500)
Basis for determining materiality	The basis for determining materiality has taken into account key drivers of the business such as revenue, income before tax and net assets. The determined materiality equates to 0.5% of revenue and 1.0% of net assets.	The basis for determining materiality has taken into account the net assets of the Company and also the Group materiality set. The determined materiality equates to 1.6% of the parent company's net assets.
Rationale for the benchmark applied	This approach has been taken to consider a balanced portfolio of benchmarks used by stakeholders in the business. A balanced portfolio approach has been used to take into account the ongoing expansion in overseas markets.	The parent company is a holding company, which does not trade. It has therefore been considered that a materiality determined on net assets is the most appropriate basis for an investment holding entity.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £34,000 (2018: £40,000) for the Group, 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.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The scope of the Group audit is as follows;

- Full scope audit by the Group audit team for all UK and US registered companies;
- Full scope audit by a component audit team for all companies and branches registered in Hong Kong, China and Taiwan (North Asia component);
- Analytical review procedures performed by the Group audit team for all remaining companies, being those in Europe, Japan and Korea; and
- Audit of the consolidation.

Component materialities, excluding parent company materiality, were capped at £722,500, giving the range £340,000 to £722,500.

The audit team has visited the components and attended meetings with the component auditor in North Asia and has met with the component management team in the US and North Asia.

The scoping decisions made provide the following coverage of revenue, income before tax and net assets across the Group.

- Full scope audit by Group team – 89% revenue, 76% profit before tax* and 76% net assets* (2018: 94% revenue, 82% profit before tax* and 86% net assets)
- Full scope audit by component team – 3% revenue, 5% profit before tax* and 2% net assets* (2018: No component team was engaged)
- Analytical review procedures – 8% revenue, 19% profit before tax* and 22% net assets* (2018: 6% revenue, 18% profit before tax* and 14% net assets*)

* Percentages are disclosed on an absolute basis to give an appropriate indication of the contribution and size of the component to the Group as a whole.

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.

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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the Directors' report for the 53 week financial period ending 30 March 2019 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 of 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.

In the light of the knowledge and understanding of the Group and of 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.**

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 this matter.**

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
19 June 2019

Group income statement

53 weeks ended 30 March 2019

	Note	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Revenue	5	166,268	169,718
Cost of sales		(63,984)	(62,000)
Gross profit		102,284	107,718
Operating expenses	7	(107,702)	(101,464)
Other operating income	5	438	482
Operating (loss)/profit		(4,980)	6,736
Share of results of associates	19	90	114
Finance income	11	140	96
Finance expense	12	(258)	(29)
(Loss)/profit before tax		(5,008)	6,917
Tax	13	157	(2,011)
(Loss)/profit for the period		(4,851)	4,906
Attributable to:			
Equity holders of the parent		(2,479)	6,391
Non-controlling interests		(2,372)	(1,485)
(Loss)/profit for the period		(4,851)	4,906
Basic (loss)/earnings per share	15	(8.2p)	8.3p
Diluted (loss)/earnings per share	15	(8.1p)	8.2p

All activities arise from continuing operations.

Reconciliation to adjusted profit before tax:		53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
(Loss)/profit before tax		(5,008)	6,917
Impairment charge related to retail property, plant and equipment	7	795	378
Bad debt and other expenses from House of Fraser administration	7	2,073	–
Write-back of profit on reacquired stock and set-up costs relating to conversion of John Lewis to concession	7	1,323	–
Launch costs relating to Mulberry Korea	7	1,821	–
Store closure costs	7	–	675
Adjusted profit before tax – non-GAAP measure		1,004	7,970
Adjusted basic earnings per share	15	0.9p	10.0p
Adjusted diluted earnings per share	15	0.9p	10.0p

Group statement of comprehensive income

53 weeks ended 30 March 2019

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
(Loss)/profit for the period	(4,851)	4,906
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	151	(447)
Losses on cash flow hedges	(3)	(115)
Income tax relating to items that may be reclassified subsequently to profit or loss	(30)	107
Total comprehensive (expense)/income for the period	(4,733)	4,451
Attributable to:		
Equity holders of the parent	(2,394)	6,031
Non-controlling interests	(2,339)	(1,580)
Total comprehensive (expense)/income for the period	(4,733)	4,451

Group balance sheet

At 30 March 2019

	Note	30 March 2019 £'000	24 March 2018 £'000
Non-current assets			
Intangible assets	16	13,970	10,362
Property, plant and equipment	17	26,171	21,971
Interests in associates	19	337	306
Deferred tax asset	23	1,102	1,782
		41,580	34,421
Current assets			
Inventories	20	39,740	44,647
Trade and other receivables	21	13,688	15,196
Current tax asset		1,785	–
Cash and cash equivalents	21	12,377	25,071
		67,590	84,914
Total assets		109,170	119,335
Current liabilities			
Trade and other payables	24	(23,984)	(28,814)
Current tax liabilities		–	(893)
Borrowings	22	(2,709)	–
		(26,693)	(29,707)
Net current assets		40,897	55,207
Non-current liabilities			
Borrowings	22	(1,770)	(1,385)
Total liabilities		(28,463)	(31,092)
Net assets		80,707	88,243
Equity			
Share capital	25	3,002	3,001
Share premium account		12,072	11,961
Own share reserve	26	(1,378)	(1,388)
Capital redemption reserve	26	154	154
Cash flow hedge reserve	26	(100)	(98)
Foreign exchange reserve	26	821	701
Retained earnings		67,555	73,165
Equity attributable to holders of the parent		82,126	87,496
Non-controlling interests		(1,419)	747
Total equity		80,707	88,243

The financial statements of Mulberry Group plc (company number 01180514) were approved by the Board of Directors and authorised for issue on 19 June 2019.

They were signed on its behalf by:

Thierry Andretta
Director

Neil Ritchie
Director

Group statement of changes in equity

53 weeks ended 30 March 2019

	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 26 March 2017	3,000	11,961	(1,461)	154	(5)	1,063	69,957	84,669	975	85,644
Profit for the period	–	–	–	–	–	–	6,391	6,391	(1,485)	4,906
Other comprehensive expense for the year	–	–	–	–	(93)	(267)	–	(360)	(95)	(455)
Total comprehensive (expense)/income for the period	–	–	–	–	(93)	(267)	6,391	6,031	(1,580)	4,451
Issue of share capital	1	–	–	–	–	–	–	1	–	1
Charge for employee share-based payments	–	–	–	–	–	–	291	291	–	291
Exercise of share options	–	–	–	–	–	–	(505)	(505)	–	(505)
Own shares	–	–	73	–	–	–	–	73	–	73
Adjustment arising from movement in non-controlling interests	–	–	–	–	–	(95)	–	(95)	1,352	1,257
Dividends paid	–	–	–	–	–	–	(2,969)	(2,969)	–	(2,969)
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	–	–	–	–	–	–	(138)	(138)	–	(138)
Exercise of share options	–	–	–	–	–	–	(23)	(23)	–	(23)
Own shares	–	–	10	–	–	–	–	10	–	10
Adjustment arising from movement in non-controlling interests	–	–	–	–	–	33	–	33	173	206
Dividends paid	–	–	–	–	–	–	(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

Group cash flow statement

53 weeks ended 30 March 2019

	Note	53 weeks ended 30 March 2019 £'000	Restated* 52 weeks ended 24 March 2018 £'000
Operating (loss)/profit for the period		(4,980)	6,736
Adjustments for:			
Depreciation and impairment of property, plant and equipment	17	6,999	6,124
Amortisation of intangible assets	16	1,082	1,796
Loss on sale of property, plant and equipment		395	13
Share-based payments (credit)/charge	30	(138)	291
Operating cash flows before movements in working capital		3,358	14,960
Decrease/(increase) in inventories		7,714	(464)
Decrease/(increase) in receivables		1,541	(2,059)
(Decrease)/increase in payables		(6,682)	1,571
Cash generated from operations		5,931	14,008
Income taxes paid		(1,730)	(2,553)
Interest paid		(258)	(29)
Net cash inflow from operating activities		3,943	11,426
Investing activities:			
Interest received and gains on foreign exchange contracts		140	96
Purchases of property, plant and equipment		(9,455)	(4,689)
Proceeds from disposal of property, plant and equipment		60	53
Acquisition of intangible assets		(2,234)	(1,605)
Acquisition of subsidiary	34	(5,741)	(1,629
Net cash used in investing activities		(17,230)	(7,774)
Financing activities:			
Dividends paid	14	(2,970)	(2,969)
Proceeds on issue of shares		1	1
Increase in loans from non-controlling interests	22	1,771	–
Increase in related party loan	22	–	1,385
Investment from non-controlling interests		173	2,675
New borrowings	22	1,231	–
Settlement of share awards		(23)	(505)
Net cash used in financing activities		183	587
Net (decrease)/increase in cash and cash equivalents		(13,104)	4,239
Cash and cash equivalents at beginning of period		25,071	21,093
Effect of foreign exchange rate changes		410	(261)
Cash and cash equivalents at end of period	21	12,377	25,071

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.

* The cash flow in relation to investment from non-controlling interest has been restated to reflect that the nature of the cash flow is in relation to financing activities, rather than investing activities where it was previously disclosed.

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

In the current period the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

The Group has applied the first time, IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments'. The details of the new accounting standards and the impact to the Group financial statements are set out below:

IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for periods beginning on or after 1 January 2018, bringing together all three aspects of accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

As at 25 March 2018, the Directors of the Company reviewed and assessed the Group's existing trade receivables for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised. There is no material change to the amount of the provision after undertaking of this exercise.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, and replaces IAS 18: revenue, and IFRIC 18: transfers of assets from customers.

The principles of IFRS 15 have been applied using the five step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations.

There has been no material impact on the Group financial statements from the implementation of these new standards.

Amendments to IAS 7: Disclosure Initiative

The Group has adopted the amendments to IAS 7 for the first time in the current period. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Group's liabilities arising from financing activities consist of loans from related parties (note 33). A reconciliation between the opening and closing balances of these items is provided in note 33. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in note 33, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Amendments to IAS 12: Disclosure Initiative

The Group has adopted the amendments to IAS 12 for the first time in the current period. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference. The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

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

- IFRS 16: Leases;
- IFRS 10 and IFRS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; and
- IFRIC 23: Uncertainty over Income Tax Treatments.

The Directors do not expect the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Classification and measurement

With respect to the classification of and measurement of financial assets, the number of categories of financial assets under IFRS 9 has been reduced compared to IAS 39. Under IFRS 9 the classification of financial assets is based on both the business model within which the asset is held and the contractual cash flows of the asset.

There will be no impact on the financial assets held by the Group (trade receivables) or the financial liabilities (trade payables).

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The Group will adopt IFRS 16 for the period ending 28 March 2020 on a modified retrospective approach whereby assets equal liabilities at the date of transition.

IFRS 16 distinguishes between leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where a right-to-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet except for short term leases and leases of low value assets). Lease incentives relating to rent free periods will be recognised as part of the measurement of right of use assets and lease liabilities, whereas under IAS 17 these resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

The right-to-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected because operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively. Furthermore, extensive disclosures are required by IFRS 16.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

As at 30 March 2019, the Group had non-cancellable operating lease commitments of £127 million. IAS 17 does not require the recognition of any right-to-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 28. A preliminary assessment indicates that on the application of IFRS 16 these arrangements will meet the definition of a lease under IFRS 16 and hence the Group will recognise a right-to-use asset and corresponding lease liability of between £118 million and £123 million in respect of all these leases unless they qualify for low value or short term leases. The adoption of the standard is anticipated to result in a non-cash impact on the income statement of between £1 million and £2 million due to a decrease of between £22 million and £25 million in rent expenses and an increase of between £23 million and £24 million in interest and amortisation expense. Lease liability incentives of £3 million previously recognised in respect of operating leases will be derecognised and the amount factored into the measurement of right of use assets and lease liabilities.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities. The impact of the changes under IFRS16 would be to increase the cash generated by operating activities by between £22 million and £24 million and to increase net cash used in financing activities by between £23 million and £24 million.

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 30 March 2019, the financial period runs for the 53 weeks to 30 March 2019 (2018: 52 weeks ended 24 March 2018).

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.

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 52 or 53 weeks ending 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Included in software is computer software and website 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 CGU's based on the acquisition date on which the goodwill arose, as they are monitored at this level by the Board.

Property, plant and equipment

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	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 tangible and intangible assets

The Group reviews the carrying amounts of its tangible and intangible 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 two years. Fit-out costs for flagship stores are considered after taking into consideration their contribution to the marketing of the Mulberry brand.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour costs and those overheads incurred in bringing the inventories to their current location and condition. Cost is calculated using the standard cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Taxation

The tax expense/(credit) represents the sum of the tax currently payable/(receivable) and deferred tax.

The tax currently payable/(receivable) is based on taxable profit/(loss) for the period. Taxable profit/(loss) differs from net profit/(loss) as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods 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.

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.

Leases

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales-related taxes and intra-group transactions. Sales of goods are recognised at the point of sale, or for the wholesale and online businesses, when goods are despatched. Sales of gift vouchers are recognised on presentation of the voucher for payment of goods. There are no contracts identified which would change the current accounting policy for revenue recognition under IFRS 15.

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreement and is disclosed as other operating income.

Operating profit

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Alternative performance measures

The main alternative performance measure used by the Group is adjusted profit before tax.

Adjusted profit before tax is stated after adjusting statutory profit before tax for fixed asset impairment, the cost of acquisitions, including the write-back of profit previously earned on sale of inventories that are subsequently reacquired and the impact of events which are irregular in nature or beyond the control of the Board and significant debt or other asset write-off.

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.

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 exchange differences 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 such non-monetary items, any exchange component of that gain or loss is also 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency derivatives

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.

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.

Trade and other receivables

Trade receivables do not carry any interest. The Group uses the simplified approach to impairment and trade receivables are stated after a recognising a lifetime expected loss allowance.

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.

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.

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.

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.

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.

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 dealt with 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

The Annual Report and other communication with investors contains certain financial performance measures which are not defined by IFRS, but which are used to assess the financial and operational performance of the Group. Management believes that such non-IFRS financial performance measures provide useful information regarding the Group's performance, although such measures may not be comparable to similar measures presented by other companies.

The main alternative performance measure used by the Group is adjusted profit before tax. Adjusted profit before tax is stated after adjusting statutory profit before tax for fixed asset impairment, the cost of acquisitions, including the write-back of profit previously earned on sale of inventories that are subsequently reacquired and the impact of events which are irregular in nature or beyond the control of the Board and significant debt or other asset write-off.

The Directors believe that the reporting of adjusted profit before tax gives better visibility and understanding of the underlying performance of the business. The Directors also report adjusted earnings per share on the same basis.

Control over Mulberry Japan Co. Limited

Note 39 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.

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.

Impairment of property, plant and equipment and goodwill

Property, plant and equipment are reviewed for impairment if there are indicators of impairment indicating that the carrying amount may not be recoverable. Goodwill is reviewed for impairment on an annual basis.

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:

- the cash flow projections over the budgeted and forecast period of two years and the long term growth rate to be applied beyond this period and
- the risk-adjusted pre-tax discount rate used to discount the assumed cash flows to present value.

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

The Directors will assess the results of these valuation methods alongside their judgment 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 cashflows, future sales growth rate assumptions and underlying and price cost inflation factors.

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 and goodwill. See notes 16 and 17 for further details on the Group's assumptions and associated sensitivities.

Share based payments – likelihood of vesting criteria for Performance Share Plans

The Directors review the vesting criteria of performance share plans and assess a range of potential outcomes. A mid point of these outcomes will typically be taken in assessing the likelihood that the vesting criteria will be met. The primary performance targets for the vesting criteria are revenue and profit targets. The Remuneration Committee may make a discretionary award if the vesting criteria are not fully met.

5. TOTAL REVENUE

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Revenue		
Sale of goods	166,268	169,718
Other operating income		
Royalty income	187	201
Other income	251	281
	438	482
Finance income		
Interest income on cash balances	58	38
Other interest income	70	47
Gains on foreign exchange forward contracts	12	11
Total revenue	166,846	170,296

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, defined as the Chief Executive, to allocate resources to the segments and to assess their performance.

(a) Business segments

For management purposes, the Group is currently organised into two operating divisions – the Retail business and the Design business. These divisions are the basis upon which the Group reports its primary segment information. The principal activities are as follows:

- Retail – sale of Mulberry branded fashion accessories, clothing and footwear through a number of shops and department store concessions.
- Design – brand management, marketing, product design, manufacture, sourcing and wholesale distribution for the Mulberry brand.

Inter-segment sales for both periods are charged at market prices in line with third party wholesale customers.

Segment information about these businesses is presented below:

	Design 53 weeks ended 30 March 2019 £'000	Retail 53 weeks ended 30 March 2019 £'000	Eliminations 53 weeks ended 30 March 2019 £'000	Group 53 weeks ended 30 March 2019 £'000
Revenue				
External sales [1]	30,691	135,577		166,268
Inter-segment sales	65,233	–	(65,233)	–
Total revenue	95,924	135,577	(65,233)	166,268
Segment result	6,791	(10,551)	–	(3,760)
Central administration costs				(1,220)
Share of results of associate				90
Net finance expense				(118)
Loss before tax				(5,008)

Included within the Retail segment depreciation and amortisation is £795,000 (2018: £378,000) relating to impairment.

(1) Included within Retail external sales is £767,000 (2018: £623,000) of wholesale sales which have been invoiced by Retail companies within the Group.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

	Design 52 weeks ended 24 March 2018 £'000	Retail 52 weeks ended 24 March 2018 £'000	Eliminations 52 weeks ended 24 March 2018 £'000	Group 52 weeks ended 24 March 2018 £'000
Revenue				
External sales [1]	37,107	132,611	–	169,718
Inter-segment sales	64,460	–	(64,460)	–
Total revenue	101,567	132,611	(64,460)	169,718
Segment result	7,397	381	–	7,778
Central administration costs				(1,042)
Share of results of associate				114
Net finance income				67
Profit before tax				6,917

	Design 53 weeks ended 30 March 2019 £'000	Retail 53 weeks ended 30 March 2019 £'000	Total 53 weeks ended 30 March 2019 £'000	Design 52 weeks ended 24 March 2018 £'000	Retail 52 weeks ended 24 March 2018 £'000	Total 52 weeks ended 24 March 2018 £'000
Other information						
Additions to non-current assets	2,695	8,969	11,664	2,144	2,949	5,093
Depreciation, amortisation and impairment	2,040	5,737	7,777	2,368	4,655	7,023

In addition, £243,000 (2018: £354,000) of capital expenditure and £304,000 (2018: £897,000) of depreciation was incurred by the Parent Company which is not included in the segments above.

(1) Included within Retail external sales is £767,000 (2018: £623,000) of wholesale sales which have been invoiced by Retail companies within the Group.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

	Design 30 March 2019 £'000	Retail 30 March 2019 £'000	Total 30 March 2019 £'000	Design 24 March 2018 £'000	Retail 24 March 2018 £'000	Total 24 March 2018 £'000
Balance sheet						
Segment assets	31,838	69,447	101,285	50,166	62,483	112,649
Interests in associates			337			306
Unallocated corporate assets			7,548			6,380
Consolidated assets			109,170			119,335
Segment liabilities	8,519	19,366	27,885	15,116	13,887	29,003
Unallocated corporate liabilities			578			2,089
Consolidated liabilities			28,463			31,092

For the purposes of monitoring the segment performance and allocating resources between segments the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in associates, other financial assets (except for trade and other receivables) and tax assets.

(b) Geographical markets

	Sales revenue by geographical market(1)		Non-current assets by geographical market	
	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000	30 March 2019 £'000	24 March 2018 £'000
UK	114,455	121,650	24,974	21,398
Rest of Europe	22,751	25,170	10,035	10,654
Asia	18,606	11,500	5,671	1,078
North America	10,039	10,840	900	1,291
Rest of world	417	558	–	–
Total revenue	166,268	169,718	41,580	34,421

(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. ADJUSTED PERFORMANCE MEASURES

Operating expenses for the period include the following:

- An impairment charge of £795,000 (2018: £378,000) relating to the retail assets of two international stores. These stores had not been trading in line with their expected potential (see note 17).
- Bad debt and other expenses from House of Fraser administration of £2,073,000 (2018: £nil)
- Write-back of profit on reacquired stock and set-up costs relating to conversion of John Lewis to concession of £1,323,000 (2018: £nil)
- Launch costs relating to Mulberry Korea of £1,821,000 (2018: £nil)
- Closure costs of £nil (2018: £675,000) relating to two international stores which had not been trading in line with expectations.

8. (LOSS)/PROFIT FOR THE PERIOD

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
(Loss)/profit for the period has been arrived at after charging(crediting):		
Net foreign exchange loss	91	355
Depreciation of property, plant and equipment (see note 17)	6,204	5,746
Amortisation of intangible assets (see note 16)	1,081	1,796
Impairment of property, plant and equipment (see note 17)	795	378
Write-downs of inventories recognised as an expense	458	259
Cost of inventories recognised as an expense	64,260	63,214
Staff costs (see note 10)	43,978	43,298
Store closure costs	–	675
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	–
Licence income	(471)	(443)
Launch costs relating to Mulberry Korea	1,821	–
Loss on disposal of property, plant and equipment	395	13

9. AUDITOR'S REMUNERATION

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'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	75	70
Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries	200	107
Total audit fees	275	177

	£'000	£'000
Other taxation advisory services	12	16
Other services	–	7
Total non-audit fees	12	23

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 and Company share schemes.

10. STAFF COSTS

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

	53 weeks ended 30 March 2019 Number	52 weeks ended 24 March 2018 Number
Production	548	641
Sales and distribution	662	548
Administration	260	255
	1,470	1,444

10. STAFF COSTS (CONTINUED)

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Their aggregate remuneration comprised:		
Wages and salaries	38,461	36,993
Social security costs	4,451	4,517
Other pension costs (see note 31)	1,204	899
Share-based payments (see note 30)	(138)	889
	43,978	43,298

Details of Directors' remuneration and interests are provided in the audited section of the Directors' remuneration report and should be regarded as part of these financial statements.

11. FINANCE INCOME

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Gains on foreign exchange forward contracts	12	11
Other interest income	70	47
Interest income on cash balances	58	38
	140	96

12. FINANCE EXPENSE

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Interest on bank overdraft	77	3
Interest arising on adjustment form the hedged item in a designated fair value hedge accounting relationship	25	26
Other interest expense	45	–
Interest paid to related parties	111	–
	258	29

13. TAX

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Current tax		
Corporation tax		
Current tax on income	738	2,811
Adjustments in respect of prior periods	(1,575)	(518)
Deferred tax (note 23)		
Origination and reversal of temporary differences	130	(5)
Adjustments in respect of prior periods	550	(277)
	(157)	2,011

The charge for the period can be reconciled to the profit per the Group income statement as follows:

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
(Loss)/profit before tax	(5,008)	6,917
Tax at the UK corporation tax rate of 19% (2018: 19%)	(952)	1,314
Tax effect of share of results of associate	(9)	(22)
Tax effect of expenses that are not deductible in determining taxable profit	575	921
Tax effect of differences in overseas tax base	(6)	(206)
Change in unrecognised deferred tax assets	1,087	515
Effect of different tax rates of subsidiaries operating in other jurisdictions	44	19
Effect of differences between deferred tax and current tax rates	129	17
Adjustments in respect of prior periods	(1,025)	(547)
Tax (credit)/expense for the period	(157)	2,011

Current tax of £31,000 has been recognised directly in Other Comprehensive Income in relation to foreign currency movements (2018: £85,000) and £1,000 credit (2018: £22,000 charge) in relation to losses on a hedge of a net investment (see note 26).

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. 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 £1,102,000 (2018: £1,782,000) have been recognised in respect of accelerated tax depreciation and short term temporary differences, as set out in note 23.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. In 2019 the Group recognised deferred tax assets of £nil (2018: £192,000) in respect of losses that are expected to be set off against future taxable income. In 2019 the Group did not recognise deferred tax assets of £879,000 (2018: £457,000) in respect of current period losses of £4,626,000 (2018: £2,405,000) that can be set off against future taxable income. Total cumulative losses on which no deferred tax asset has been recognised is £28.5 million (2018: £24.1 million).

The change in unrecognised deferred tax assets relates to current period overseas losses arising in the period which have not been recognised as deferred tax assets as it is not considered probable that sufficient future taxable profits will be available in each overseas entity against which these assets can be utilised.

The adjustments in respect of prior period affecting current tax have arisen on finalisation of corporation tax computations for the three financial periods ended 24 March 2018 when compared with the estimated tax provision previously calculated and relate primarily to treatment of unrealised foreign currency gains or losses, as well as the treatment of share option charges. The adjustments in respect of unrealised foreign currency gains and losses is not expected to recur. Deferred tax prior period adjustments are derived from the finalisation of capital allowances, the tax treatment of provisions and the recognition of overseas tax losses.

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

The prior period comparatives have been restated to provide additional disclosures in respect of the tax effect of associates' results, differences in overseas subsidiary tax rates and deferred tax assets not recognised and to reflect the movement in prior period overseas tax losses not recognised as a prior period adjustment.

14. DIVIDENDS

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Dividend for the period ended 24 March 2018 of 5p (2017: 5p) per share paid on 23 November 2018	2,970	2,969
Proposed dividend for the period ended 30 March 2019 of 5p per share (2018: 5p)	2,970	2,969

This proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

15. EARNINGS PER SHARE ("EPS")

	53 weeks ended 30 March 2019 pence	52 weeks ended 24 March 2018 pence
Basic (loss)/earnings per share	(8.2)	8.3
Diluted (loss)/earnings per share	(8.1)	8.2
Adjusted basic earnings per share	0.9	10.0
Adjusted diluted earnings per share	0.9	10.0

Earnings per share is calculated based on the following data:

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
(Loss)/profit for the period for basic and diluted earnings per share	(4,851)	4,906
Adjusting items:		
Impairment relating to retail assets	795	378
Bad debt and other expenses from House of Fraser administration*	1,679	–
Write-back of profit on reacquired stock and set-up costs relating to conversion of John Lewis to concession*	1,072	–
Korea launch costs	1,821	–
Loss on disposal of retail stores	–	675
Adjusted profit for the period for basic and diluted earnings per share	516	5,959

* These items are included net of tax.

	53 weeks ended 30 March 2019 Million	52 weeks ended 24 March 2018 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	0.2
Weighted average number of ordinary shares for the purpose of diluted EPS	59.7	59.6

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 26.

16. INTANGIBLE ASSETS

	Goodwill £'000	Software £'000	Lease costs £'000	Total £'000
Cost				
At 26 March 2017	–	11,896	8,001	19,897
Additions	–	1,263	–	1,263
Disposals	–	(8)	–	(8)
Foreign currency translation	–	–	70	70
At 24 March 2018	–	13,151	8,071	21,222
Additions	–	2,235	–	2,235
Acquisition of subsidiaries (note 34)	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
Amortisation				
At 26 March 2017	–	9,064	–	9,064
Charge for the period	–	1,796	–	1,796
Disposals	–	–	–	–
Foreign currency translation	–	–	–	–
At 24 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
Carrying amount				
At 30 March 2019	2,438	3,431	8,001	13,970
At 24 March 2018	–	2,291	8,071	10,362
At 25 March 2017	–	2,832	8,001	10,833

16. INTANGIBLE ASSETS (CONTINUED)

Goodwill

Goodwill acquired during the period arose on the acquisition of Mulberry (Korea) Co., Ltd (see note 34). 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 discount rate of 2% per annum. Acquired goodwill is regarded as having an indefinite life and under IFRS 3 is not subject to amortisation, but is subject to annual tests for impairment.

Key assumptions used in value in use calculations

Existing goodwill of £2.6 million (2018: £nil) is all allocated to the acquisition of the Korea business. The recoverable amount of goodwill is determined based on a value in use calculation using cash flow projections to March 2020 from financial budgets approved by the Board. The pre-tax discount rate applied to cash flow projections is 10% and cash flows beyond December 2020 are extrapolated using a 2% 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.

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 12% decrease in the short term growth rate would result in a reduction in the head room from £0.5 million to £nil.

Software

At 30 March 2019, the Group had entered into contractual commitments for the acquisition of software of £347,000 (2018: £58,000). Included within software is £397,000 of projects still in development, where amortisation will not commence until the projects are complete and the assets come into use (2018: £226,000). The carrying value of website development costs within software is £1,611,000 (2018: £1,115,000). 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 26 March 2017	12,121	21,723	8,940	30,604	50	73,438
Additions	7	1,631	1,013	1,533	–	4,184
Disposals	(5)	(67)	(321)	(877)	–	(1,270)
Foreign currency translation	–	(1,017)	(66)	(649)	–	(1,732)
At 24 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
Accumulated depreciation and impairment						
At 26 March 2017	3,463	17,611	5,842	22,336	50	49,302
Charge for the period	424	1,459	1,026	2,837	–	5,746
Impairment charge	–	4	–	374	–	378
Disposals	(1)	(32)	(299)	(872)	–	(1,204)
Foreign currency translation	–	(876)	(63)	(634)	–	(1,573)
At 24 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
Carrying amount						
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
At 25 March 2017	8,658	4,112	3,098	8,268	–	24,136

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

At 30 March 2019	–	243	404	63	–	710
At 24 March 2018	–	193	346	–	–	539

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 2019		349	30	94		473
At 24 March 2018	–	42	57	913	–	1,012

Freehold land of £2,029,000 (2018: £2,029,000) has 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 30 March 2019.

During the period, an impairment charge of £795,000 (2018: £378,000) was identified as part of the Directors' impairment review of the retail store assets relating to the stores in Yorkdale and Las Vegas. In the prior period the Hamburg store was impaired. The total recoverable amount for this store at the balance sheet date is considered to be £nil.

The key assumptions for the value in use calculations are those regarding the 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. Pre-tax rates are used where the local entity is not expected to be tax paying and pre-tax where tax is predicted in the period being reviewed. The cash flow projections were based on the most recent financial budgets approved by the Board for the next 12 months, the Group's five-year strategic plan for years two to five and subsequent to this a nominal growth rate is used.

The growth rates reflect expectations of future changes in the market. After five years this rate reduces to 3%, being the approximate average long term growth rate for the relevant markets.

The pre-tax discount rates used in these calculations were between 8.6% and 10.9% (2018: 9.0% and 9.5%). This is based on the Group's weighted average cost of capital adjusted for country specific risks.

The Group reviews the property, plant and equipment in flagship stores with a net book value of £2.7 million for indicators of impairment at each reporting period end.

The Group reviewed the property, plant and equipment in retail stores with a net book value of £1.0 million for impairment at the period end. No impairment has been recognised in respect of these stores. If revenue fails to meet forecast threshold there is a risk of impairment of up to £1.0 million.

18. SUBSIDIARIES

A list of the investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest, is given in note 40 to the Company's separate financial statements.

19. INTERESTS IN ASSOCIATES

	30 March 2019 £'000	24 March 2018 £'000
Total assets	1,420	1,299
Total liabilities	(307)	(324)
Total net assets	1,113	975

	30 March 2019 £'000	24 March 2018 £'000
Group's share of net assets of associate	337	306

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 30 March 2019.

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Total revenue	2,047	2,022
Profit for the period	181	208
Group's share of profit of associate	90	114

20. INVENTORIES

	30 March 2019 £'000	24 March 2018 £'000
Raw materials	2,337	2,432
Work-in-progress	735	994
Finished goods	36,668	41,221
	39,740	44,647

21. OTHER FINANCIAL ASSETS

Trade and other receivables

	30 March 2019 £'000	24 March 2018 £'000
Amount receivable for the sale of goods*	7,041	9,058
Allowance for doubtful debts	(311)	(269)
	6,730	8,789
Amounts owed by associate undertakings	40	87
Other debtors	3,293	2,910
Prepayments	3,625	3,410
	13,688	15,196

* These include amounts due to related parties.

Trade receivables

The average credit period taken on the sale of goods is 51 days (2018: 62 days). No interest is charged on the outstanding receivables. The carrying amount of receivables approximates to their fair value.

The Group has provided for the estimated irrecoverable amount from the sale of goods, where there is doubt as to the recoverability of the receivables balance. 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 £9,466,000 during the period had a balance of £816,000 which is 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 £506,000 (2018: £2,771,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired receivables:

	30 March 2019 £'000	24 March 2018 £'000
0 to 30 days overdue	232	598
31 to 60 days overdue	309	833
61 to 90 days overdue	7	85
91 to 120 days overdue	6	137
121 or more days overdue	(48)	1,118
	506	2,771

Given the relatively small nature of the provision for receivables, no further analysis is provided.

21. OTHER FINANCIAL ASSETS (CONTINUED)

Cash and cash equivalents

	30 March 2019 £'000	24 March 2018 £'000
Cash and cash equivalents	12,377	25,071

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.

22. BORROWINGS

	30 March 2019 £'000	24 March 2018 £'000
Bank overdrafts	1,231	–
Loans from related parties (see note 35)	1,478	1,385
Loans from non-controlling interests	1,770	–
Unsecured borrowings at amortised cost	4,479	1,385
Amounts due for settlement within 12 months	2,709	–
Amounts due for settlement after 12 months	1,770	1,385

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

	Loan repayment date	30 March 2019 £'000	24 March 2018 £'000
Related party			
Challice Limited	31 March 2020	1,478	1,385
Non-controlling interest			
Onward Global Fashion Co., Limited	31 March 2022	680	–
SHK Holdings Limited	31 March 2013	1,090	–
		3,248	1,385

22. BORROWINGS (CONTINUED)

	Hong Kong Dollars £'000	Japanese Yen £'000	South Korean Won £'000	Chinese Renminbi £'000	Total £'000
Analysis of borrowings by currency:					
Bank overdrafts	–	–	–	1,231	1,231
Loans from related parties	1,478				1,478
Loans from non-controlling interest	–	680	1,090	–	1,770
Carrying amount					
At 30 March 2019	1,478	680	1,090	1,231	4,479
Analysis of borrowings by currency:					
Loans from related parties	1,385	–	–	–	1,385
Carrying amount					
At 30 March 2018	1,385	–	–	–	1,385

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 expires on 27 September 2021.

In May 2019 the Group renewed its overdraft facilities to include trade facilities of £500,000 (2018: £500,000) together with a multi-currency overdraft facility of £4,000,000 (2018: £4,000,000) which would be repayable on demand. The interest rates are determined based on 1.25% over base. The overdraft facility has been agreed until 31 May 2020.

In April 2018 the Group opened a £1,493,000 mixed US Dollar revolving credit facility and RMB overdraft in China which would be payable on demand. The interest rate on the revolving credit facility is 3% over LIBOR and the overdraft 5.75%. The facility has no expiration date and availability is subject to an annual financial review by the lender.

The revolving credit facilities and the overdrafts are secured with Group cross guarantees.

At 30 March 2019 the Group had £3,248,000 (2018: £1,385,000) of related party loans payable at commercial rates within each country.

23. DEFERRED TAX

	Losses in overseas territories £'000	Accelerated tax depreciation £'000	Short term timing differences £'000	Total £'000
At 26 March 2017	(360)	(946)	(194)	(1,500)
(Credit)/charge to income	168	(498)	48	(282)
At 24 March 2018	(192)	(1,444)	(146)	(1,782)
Charge/(credit) to income	192	363	125	680
Deferred tax asset as at 30 March 2019	–	(1,081)	(21)	(1,102)

£1,081,000 (2018: £1,615,000) 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 of £28.5 million (2018: £24.1 million) arising from overseas territories. A deferred tax asset has been recognised in respect of £nil (2018: £1.0 million) of such losses. No deferred tax asset has been recognised in respect of the £28.5 million (2018: £23.1 million) due to uncertainty of the timing of future taxable profits available to offset against these losses.

24. OTHER FINANCIAL LIABILITIES

Trade and other payables

	30 March 2019 £'000	24 March 2018 £'000
Trade payables	9,334	7,758
Accruals	8,513	16,671
Financial guarantee	1,000	–
Other payables	986	1,117
Lease incentives (see note 28)	4,021	3,137
Derivative financial instruments	130	131
	23,984	28,814

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 17 days (2018: 19 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.

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 32). These instruments are for US Dollars and Euros.

The financial guarantee of £1.0 million (2018: £nil) is a cash sum received from a new customer in order to provide security for the trading relationship. This guarantee is repayable on renewal of the trading agreement which is currently in negotiation.

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

25. SHARE CAPITAL

	30 March 2019 £'000	24 March 2018 £'000
Authorised		
65,000,000 ordinary shares of 5p each (2018: 65,000,000)	3,250	3,250
Issued and fully paid		
60,047,458 ordinary shares of 5p each (2018: 60,017,458)	3,002	3,001

On 10 December 2018, 30,000 5p ordinary shares were issued at par to one of the Group's significant strategic suppliers.

The Company has granted nil options in respect of 5p ordinary shares during the period (2018: 377,500).

26. RESERVES

Own share reserve

The Own share reserve represents 622,336 5p ordinary shares (2018: 626,717 5p ordinary shares) at a cost of £1,378,035 (2018: £1,387,736). 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, nil 5p shares (2018 : 20,000) at a cost of £nil (2018: £1,000) were issued to the Mulberry Group plc Employee Share Trust. The reserve reduced as a result of the transfer of 4,381 shares with a value of £9,701 (2018: 33,127 shares with a value of £74,553) to satisfy the vesting of share awards. The maximum number of own shares held during the period was 626,717 (2018: 642,582).

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 26 March 2017	(5)	1,063	1,058
Exchange differences on translating the net assets of foreign operations	–	(447)	(447)
Foreign currency forward contracts	(115)	–	(115)
Current tax recognised on above	22	85	107
At 24 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

26. 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 pounds 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:

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Cost of sales	(85)	(29)
Other expenses	146	(2)
	61	(31)

27. NON-CONTROLLING INTERESTS

	Mulberry (Asia) Limited £'000	Mulberry Japan Co. Limited £'000	Mulberry (Korea) Co., Ltd £'000	Total £'000
At 26 March 2017	975	–	–	975
Share of losses for the period	(1,062)	(423)	–	(1,485)
Foreign currency translation	(80)	(15)	–	(958)
Increase in non-controlling interests on set-up	–	1,352	–	1,352
At 24 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	(576)	(1,419)

28. OPERATING LEASE ARRANGEMENTS

	30 March 2019 £'000	24 March 2018 £'000
Minimum lease payments under operating leases recognised as an expense in the period	18,010	18,185

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	24 March 2018 £'000
Within one year	18,767	17,671
In the second to fifth years inclusive	57,483	61,354
After five years	50,511	59,048
	126,761	138,073

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 (2018: £986,000).

Liabilities recognised in respect of non-cancellable leases:

	30 March 2019 £'000	24 March 2018 £'000
Current	644	346
Non-current	3,377	2,791
	4,021	3,137

29. 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 (2018: £nil).

In prior periods the Group received £2,500,000 of Government grants towards the operating costs of a new factory in Bridgwater, Somerset. The Group has to fulfil certain requirements through to June 2020, which if not met will mean some or all of the grant will need to be repaid. The Group is currently in compliance with these requirements and does not envisage that this situation will change and therefore there are no outstanding liabilities at the period end (2018: £nil).

30. 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 10 years from the date of grant. If the options remain unexercised for a period of 10 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:

	53 weeks ended 30 March 2019 Number of share options	53 weeks ended 30 March 2019 Weighted average exercise price (in £)	52 weeks ended 24 March 2018 Number of share options	52 weeks ended 24 March 2018 Weighted average exercise price (in £)
Outstanding at the beginning of the period	608,215	9.36	827,715	8.79
Granted during the period	–	–	–	–
Forfeited during the period	(58,500)	10.13	(18,500)	9.91
Exercised during the period	(6,400)	7.58	(201,000)	6.97
Outstanding at the end of the period	543,315	9.29	608,215	9.36
Exercisable at the end of the period	380,315	8.76	345,215	8.85

The weighted average share price at the date of exercise for share options exercised during the period was £7.78 (2018: £10.91). The options outstanding at 30 March 2019 had a weighted average remaining contractual life of 0.2 years (2018: 0.6 years).

30. SHARE-BASED PAYMENTS (CONTINUED)

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 10 years from the date of grant. If the matching shares remain unexercised after a period of 10 years from the date of grant, the award expires. The matching shares may be forfeited if the employee leaves the Group prior to vesting.

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

	53 weeks ended 30 March 2019 Number of matching shares	52 weeks ended 24 March 2018 Number of matching shares
Outstanding at the beginning of the period	10,796	10,796
Exercised during the period	(8,702)	–
Outstanding at the end of the period	2,904	10,796
Exercisable at the end of the period	2,904	10,796

The weighted average share price at the date of exercise for share options exercised during the period was £3.02 (2018: £nil). The options outstanding at 30 March 2019 had a weighted average remaining contractual life of nil years (2018: 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 10 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:

	53 weeks ended 30 March 2019 Number of share options	53 weeks ended 30 March 2019 Weighted average exercise price (in £)	52 weeks ended 24 March 2018 Number of share options	52 weeks ended 24 March 2018 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

The co-owned share rights outstanding at 30 March 2019 had a weighted average remaining contractual life of nil years (2018: nil years).

30. SHARE-BASED PAYMENTS (CONTINUED)

Mulberry Group plc Idea'Spring Option Plan

This option grant was made on 11 August 2015. The vesting period is at the discretion of the Board and upon the attainment of certain performance conditions, including achievement of Group revenue. These were not met during the period, and therefore the option lapsed as a result.

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

	53 weeks ended 30 March 2019 Number of share options	53 weeks ended 30 March 2019 Weighted average exercise price (in £)	52 weeks ended 24 March 2018 Number of share options	52 weeks ended 24 March 2018 Weighted average exercise price (in £)
Outstanding at the beginning of the period	–	–	110,622	0.05
Lapsed during the period	–		(110,622)	
Outstanding at the end of the period	–		–	–
Exercisable at the end of the period	–		–	–

Mulberry Group plc 2018 Performance Share Plan

This 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 10 periods from the date of grant, upon attainment of the relevant performance conditions.

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

	53 weeks ended 30 March 2019 Number of shares	52 weeks ended 24 March 2018 Number of shares
Outstanding at the beginning of the period	368,000	–
Granted during the period	–	377,500
Lapsed during the period	(8,000)	(9,500)
Outstanding at the end of the period	360,000	368,000
Exercisable at the end of the period	–	–

30. SHARE-BASED PAYMENTS (CONTINUED)

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

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Mulberry Group plc 2008 Unapproved Share Option Scheme	109	469
Mulberry Group plc 2008 Deferred Bonus Plan	–	–
Mulberry Group plc 2009 Co-ownership Equity Incentive Plan	–	–
Mulberry Group plc Long Term Incentive Plan	–	–
Mulberry Group plc 2018 Performance Share Plan	(247)	420
Employee related (credit)/expense	(138)	889
Mulberry Group plc Idea'Spring Option Plan	–	(598)
Total share option (credit)/expense	(138)	291

The Group accounts for its share schemes as equity-settled but during the prior period 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.

31. RETIREMENT BENEFIT SCHEMES

The Group contributes to personal pension plans for all qualifying employees. The total cost charged to income of £1,204,000 (2018: £899,000) represents contributions payable to these personal plans by the Group at rates contractually agreed. As at 30 March 2019, contributions due in respect of the current reporting period which had not been paid over to the plans were £152,000 (2018: £121,000).

32. 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 25 and 26.

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

	30 March 2019 £'000	24 March 2018 £'000
Financial assets		
Cash and cash equivalents	12,377	25,071
Trade and other receivables at amortised cost	13,688	15,196
	26,065	40,267
Financial liabilities		
Amortised cost	23,854	28,683
Derivatives in designated hedging relationships	130	131
	23,984	28,814

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 indirectly from quoted prices.

Financial assets/ financial liabilities	Fair value as at 2019 £'000	Fair value as at 2018 £'000	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Derivatives in designated hedging relationships	Assets – £nil Liabilities – £130	Assets – £nil Liabilities – £131	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

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives

The Group's Chief Financial Officer 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. 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.

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

	Average exchange rate 30 March 2019	Average exchange rate 24 March 2018	Foreign currency 30 March 2019 £'000	Foreign currency 24 March 2018 £'000	Notional value 30 March 2019 £'000	Notional value 24 March 2018 £'000	Fair value 30 March 2019 £'000	Fair value 24 March 2018 £'000
Outstanding contracts								
Cash flow hedges								
Buy US Dollar								
Less than 3 months	1.3053	1.4172	2,250	3,000	1,705	2,128	(12)	(80)
3 to 6 months	1.3093	1.4210	1,500	1,000	1,136	709	(12)	(13)
							(24)	(93)
Buy Euro								
Less than 3 months	1.1587	1.1431	3,000	4,000	2,586	3,478	(74)	(44)
3 to 6 months	1.1565	1.1405	1,000	1,000	862	870	(32)	(3)
							(106)	(47)
							(130)	(140)

32. FINANCIAL INSTRUMENTS (CONTINUED)

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

	Liabilities 30 March 2019 £'000	Liabilities 24 March 2018 £'000	Assets 30 March 2019 £'000	Assets 24 March 2018 £'000
Euro	2,315	3,642	4,586	6,251
US Dollar	1,911	2,073	2,357	2,673
Hong Kong Dollar	1,716	2,304	653	1,932
South Korean Won	2,281	–	1,323	–
Chinese Renminbi	1,511	1,461	1,520	448
Australian Dollar	26	45	325	251
Japanese Yen	1,041	208	1,128	2,726
Taiwan Dollar	34	494	220	725
Canadian Dollar	284	325	387	305
Swedish Krona	–	–	385	28

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 an increase in profit 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 profit and other equity, and the balances below would be negative or positive.

	Impact on profit 53 weeks ended 30 March 2019 £'000	Impact on profit 52 weeks ended 24 March 2018 £'000
Euro	(207)	(237)
US Dollar	(41)	(54)
Hong Kong Dollar	97	34
South Korean Won	87	–
Chinese Renminbi	(1)	–
Australian Dollar	(27)	(19)
Japanese Yen	(8)	(229)
Taiwan Dollar	(17)	(21)
Canadian Dollar	(9)	2
Swedish Krona	(35)	(3)

32. FINANCIAL INSTRUMENTS (CONTINUED)

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. A 1% increase or decrease has been applied to represent management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's profit for the period ended 30 March 2019 would have decreased by £2,000 (2018: profit increased by £93,000). This is mainly attributable to the Group's exposure to interest rates on its overdraft facility.

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.

Trade receivables consist of a large number of customers. Credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, other than as disclosed in note 21. 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.

32. FINANCIAL INSTRUMENTS (CONTINUED)

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 -1.41% (2018: +0.29%).

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 tables include 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
30 March 2019						
Trade and other payables	(19,833)	–	–	–	–	(19,833)
Borrowings	(2,708)	(1,771)	–	–	–	(4,479)
Derivatives: gross settled						
Cash inflows	6,289	–	–	–	–	6,289
Cash outflows	(6,453)	–	–	–	–	(6,453)

	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
24 March 2018						
Current liabilities	(25,546)	–	–	–	–	(25,546)
Borrowings	–	(1,385)	–	–	–	(1,385)
Derivatives: gross settled						
Cash flows	7,252	–	–	–	–	7,252
Cash outflows	(7,336)	–	–	–	–	(7,336)

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, except for derivatives in designated hedging relationships which are valued at fair value.

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair value, except for derivatives in designated hedging relationships which are valued at fair value.

33. NOTES TO THE CASH FLOW STATEMENTS

Cash and cash equivalents

	30 March 2019 £'000	24 March 2018 £'000
Cash and bank balances	12,377	25,071
Bank overdrafts (see note 22)	(1,231)	–
	11,146	25,071

Changes in liabilities arising from financing activities

	25 March 2018 £'000	Financing cash flows £'000	Fair value adjustments £'000	Foreign exchange £'000	30 March 2019 £'000
Borrowings (note 22)	–	1,231	–	–	1,231
Loans from related parties and non-controlling interests (note 35)	1,385	1,771	–	92	3,248
Total liabilities from financing activities	1,385	3,002	–	92	4,479

	26 March 2017 £'000	Financing cash flows £'000	Fair value adjustments £'000	Foreign exchange £'000	24 March 2018 £'000
Loans from related parties and non-controlling interests (note 35)	–	1,385	–	–	1,385
Total liabilities from financing activities	–	1,385	–	–	1,385

34. ACQUISITIONS AND BUSINESS COMBINATIONS

With effect from 1 May 2018 Mulberry Japan Co. Limited, a 50% owned subsidiary of Mulberry Trading Holding Company Ltd, acquired 6 stores in Japan previously owned by Onward Global Fashion Co., Limited a subsidiary of Onward Holdings Co., Limited.

The amounts recognised in respect of the identifiable assets acquired are set out in the table below:

	£'000
Property, plant and equipment	931
Inventory	864
Fair value of identifiable assets	1,795
Satisfied by:	
Cash	1,795
	1,795

34. ACQUISITIONS AND BUSINESS COMBINATIONS (CONTINUED)

These stores have contributed £2,616,000 to revenue and incurred a loss before tax of £639,000 for the period. Had the acquisitions happened on 1 April 2018 the revenue and loss would not have been materially different.

On 13 August 2018 Mulberry (Korea) Co., Ltd, a 60% owned subsidiary of Mulberry Trading Holding Company Ltd, acquired 17 stores in Korea previously owned by SHK Holdings Limited.

The amounts recognised in respect of the identifiable assets acquired are set out in the table below:

	£'000
Property, plant and equipment	987
Inventory	1,656
Fair value of identifiable assets	2,643
Fair value of liabilities acquired	(892)
Net assets acquired	1,751
Goodwill	2,629
Satisfied by:	
Deferred consideration	434
Cash	3,946
	4,380

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 discount rate of 2% per annum. Acquired goodwill is regarded as having an indefinite life and under IFRS 3 is not subject to amortisation, but is subject to annual tests for impairment.

These stores have contributed £3,996,000 to revenue and incurred a loss before tax of £854,000 for the period. Had the acquisitions happened on 25 March 2018 the revenue would have been £6,600,000 and the loss would have been £1,800,000.

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 associates are disclosed below

Trading transactions

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

	Sale of goods 53 weeks ended 30 March 2019 £'000	Sale of goods 52 weeks ended 24 March 2018 £'000	Purchases of goods, services, fixed assets and stock 53 weeks ended 30 March 2019 £'000	Purchases of goods, services, fixed assets and stock 52 weeks ended 24 March 2018 £'000	Amounts owed (to)/from related parties 30 March 2019 £'000	Amounts owed (to)/from related parties 24 March 2018 £'000
Mulberry Oslo AS	1,195	1,084	–	–	40	87
Club 21 Retail (Hong Kong) Limited*	–	–	–	973	–	(1)
Club 21 Shanghai Limited*	–	781	–	301	–	853
Club 21 Pte Limited*	923	1,206	–	–	20	12
Club 21 (Thailand) Co Limited*	393	368	–	–	4	22
Club 21 Pte Limited Taiwan Branch*	–	61	–	355	–	(566)
Club Twenty-One Retail (M) Sdn Bhd*	392	225	–	–	11	16
Club 21 Australia Pty Limited*	–	(2)	–	–	–	–
Club 21 Japan Company Limited*	–	(98)	–	–	–	–
Challice Limited	–	–	–	–	(1,478)	(1,385)

* These are related parties of the Group as they are all related companies of Challice Limited, the majority shareholder of the Company.

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 £126,638 (2018: £124,621) 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 Benefit Trust are disclosed in note 26.

35. RELATED PARTY TRANSACTIONS (CONTINUED)

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'. The Directors' remuneration report on pages 19 to 22 of this Annual Report forms part of these financial statements. Further information about the remuneration of individual Directors is provided within the audited section of the Directors' remuneration report.

	53 weeks ended 30 March 2019 £'000	52 weeks ended 24 March 2018 £'000
Short term employee benefits	1,856	2,005
Post-employment benefits	20	20
	1,876	2,025

36. CONTROLLING PARTY

At the period end and at the date of this report, Challice Limited controlled 56.17% 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 outside the UK 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.

Company financial statements

53 weeks ended 30 March 2019

Company balance sheet

At 30 March 2019

	Note	30 March 2019 £'000	24 March 2018 £'000
Non-current assets			
Investments	39	10,358	22,162
Property, plant and equipment	40	3,892	3,951
Deferred tax asset	43	78	18
		14,328	26,131
Current assets			
Trade and other receivables	41	83,490	74,957
Total assets		97,818	101,088
Current liabilities			
Trade and other payables	42	(53,164)	(66,086)
Net assets		44,654	35,002
Capital and reserves			
Called up share capital	25	3,002	3,001
Share premium account		12,072	11,961
Own share reserve	26	(1,378)	(1,388)
Capital redemption reserve	26	154	154
Retained earnings		30,804	21,274
Total equity		44,654	35,002

The Company reported a profit for the financial period ended 30 March 2019 of £12,661,000 (2018: profit of £20,471,000). The financial statements of Mulberry Group plc (company number 01180514) were approved by the Board of Directors and authorised for issue on 19 June 2019.

They were signed on its behalf by:

Thierry Andretta
Director

Neil Ritchie
Director

Company statement of changes in equity

53 weeks ended 30 March 2019

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
As at 26 March 2017	3,000	11,961	(1,461)	154	3,986	17,640
Profit for the period	–	–	–	–	20,471	20,471
Total comprehensive income for the period	–	–	–	–	20,471	20,471
Issue of shares	1	–	–	–	–	1
Charge for employee share-based payments	–	–	–	–	291	291
Exercise of share options	–	–	–	–	(505)	(505)
Own shares	–	–	73	–	–	73
Ordinary dividends paid	–	–	–	–	(2,969)	(2,969)
Balance at 24 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
Charge for employee share-based payments	–	–	–	–	(138)	(138)
Exercise of share options	–	–	–	–	(23)	(23)
Own shares	–	–	10	–	–	10
Ordinary dividends paid	–	–	–		(2,970)	(2,970)
Balance at 30 March 2019	3,002	12,072	(1,378)	154	30,804	44,654

37. 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 and certain related party transactions. 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 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Investments

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

38. 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 profit for the financial period ended 30 March 2019 of £12,169,000 (2018: profit of £20,471,000). Included in the profit for the period is a provision of £187,000 (2018: profit of £1,268,000) 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 to the financial statements.

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

39. INVESTMENTS

	Subsidiaries shares £'000	Subsidiaries loans £'000	Total £'000
Cost			
At 25 March 2018	12,227	11,804	24,031
Additions	–	–	–
Disposals	–	(11,804)	(11,804)
At 30 March 2019	12,227	–	12,227
Provision for impairment			
At 25 March 2018	1,869	–	1,869
Charge for the period	–	–	–
At 30 March 2019	1,869	–	1,869
Net book value			
At 30 March 2019	10,358	–	10,358
At 24 March 2018	10,358	11,804	22,162

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 30 March 2019 and 24 March 2018 (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	Intermediary holding 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	Intermediary holding company	100% Ω

39. INVESTMENTS (CONTINUED)

Subsidiaries	Country of incorporation	Principal activity	Proportion of ownership interest and voting power
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	60% π
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 2018.
# Mulberry Japan Co. Limited is treated as a subsidiary of Mulberry Group plc.

39. INVESTMENTS (CONTINUED)

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) Seitzergasse 2-4, 1010 Vienna, Austria
(8) 340 Albert Street, Suite 1400, Ottawa, Ontario K1R 0A5, Canada
(9) 225 George Street, Sydney NSW 2000, Australia
(10) Suite 10B, 10/F, Tower 2, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
(11) Shop No B130, Plaza 66, No 1266, West Nanjing Road, Jing'an District, Shanghai, 200041
(12) 3-26-8 Sendagaya, Shibuya-ku, Tokyo, Japan 151-0051
(13) Akersgata 18, 0158 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.

40. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 25 March 2018	6,639	7,430	711	14,780
Additions	38	206	–	244
Disposals	(3)	–	(67)	(70)
At 30 March 2019	6,674	7,636	644	14,954
Depreciation				
At 25 March 2018	3,030	7,088	711	10,829
Charge for the period	242	61	–	303
Disposals	(3)	–	(67)	(70)
At 30 March 2019	3,269	7,149	644	11,062
Net book value				
At 30 March 2019	3,402	487	–	3,892
At 24 March 2018	3,609	342	–	3,951

Freehold land of £997,000 (2018: £997,000) has not been depreciated.

At 30 March 2019, the Company had entered into contractual commitments for the acquisition of property of £nil (2018: £nil) and there were assets under the course of construction where depreciation has not yet commenced of £nil (2018: £nil).

41. TRADE AND OTHER RECEIVABLES

	30 March 2019 £'000	24 March 2018 £'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	82,269	74,108
Prepayments and accrued income	761	849
Current tax	460	–
	83,490	74,957

42. TRADE AND OTHER PAYABLES

	30 March 2019 £'000	24 March 2018 £'000
Amounts falling due within one year:		
Amounts owed to Group undertakings	52,586	65,383
Accruals and deferred income	578	538
Current tax	–	165
	53,164	66,086

43. DEFERRED TAX

	30 March 2019 £'000	24 March 2018 £'000
Deferred tax – accelerated capital allowances	–	–
Deferred tax liability at 25 March 2018	(18)	
Credit for the period	(60)	
Deferred tax asset at 30 March 2019	(78)	

44. 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.

45. 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 (2018: £nil).

Mulberry Group plc has acted as guarantor on a £2.5 million Regional Growth Fund grant received by its subsidiary, Mulberry Company (Design) Limited, towards the operating costs of a new factory in Bridgwater, Somerset. The Group has to fulfil certain requirements through to June 2020, which if not met will mean some or all of the grant will need to be repaid. The Group is currently in compliance with these requirements and does not envisage that this situation will change and therefore there are no outstanding liabilities at the period end (2018: £nil).

There is no expectation that any liabilities or cash outflows will arise for the Company as a result of such guarantees.

46. SHARE CAPITAL

The movements in share capital are disclosed in note 25 to the Group financial statements.

47. RESERVES

The movements in the Own share reserve are disclosed in note 26 to the Group financial statements.

Details of the Capital redemption reserve are disclosed in note 26 to the Group financial statements.

Notice is given that the Annual General Meeting of Mulberry Group plc will be held at Mulberry Group plc's offices, 30 Kensington Church Street, London, W8 4HA on 17 September 2019 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 30 March 2019 together with the independent auditor's report be received and adopted.

Dividend declaration

2. To declare a final dividend of 5.0 pence per ordinary share for the period ended 30 March 2019.

Re-election of retiring Directors

3. That Ms J Gilhart who retires as a Director by rotation in accordance with the Company's Articles of Association be re-elected as a Director.

4. That Mr S Grapstein who retires as a Director by rotation in accordance with the Company's Articles of Association be re-elected as a Director.

Appointment of auditor

5. That Deloitte LLP be reappointed as auditor of the Company until the conclusion of the next general meeting before which accounts are laid, and that their remuneration be agreed by the Directors.

SPECIAL BUSINESS:

To consider and, if thought fit, pass the following resolutions, of which resolution 6 will be proposed as an ordinary resolution, and resolutions 7 and 8 will be proposed as special resolutions:

Directors' power to allot relevant securities

6. That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 ("the Act") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £1,000,791, provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2020, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

Waiver of statutory pre-emption rights

7. That the Directors be and they are empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by resolution 6 above, and/or by way of a sale of treasury shares (by virtue of Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment, provided that:

   (a) the power conferred by this resolution shall be limited to:

      (i) the allotment of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

      (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal value equal to £150,119; and

   (b) unless previously revoked, varied or extended, this power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2020 except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

AUTHORITY TO PURCHASE ORDINARY SHARES (MARKET PURCHASES)

8. That the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares of 5p each ("Ordinary Shares") provided that:

   (a) the maximum number of Ordinary Shares authorised to be purchased is 3,002,373;

   (b) the minimum price which may be paid for any such Ordinary Share is 5p;

   (c) the maximum price which may be paid for an Ordinary Share shall be an amount equal to 105% of the average middle market prices for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and

   (d) this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2020, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

By order of the Board

Kate Anthony Wilkinson
Secretary
19 June 2019

Registered office: The Rookery, Chilcompton, Bath, Somerset, BA3 4EH

NOTES:

All members holding ordinary shares are entitled to attend, speak and vote at the meeting. Such members may appoint a proxy to attend, speak and vote instead of them. A proxy need not also be a member of the Company but must attend the AGM in order to represent his appointer. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the AGM or another person as proxy. 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 13 September 2019.

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 13 September 2019 (or if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM 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 AGM.

Please note that communications regarding the matters set out in this Notice of Annual General Meeting will not be accepted in electronic form other than as specified in the enclosed form of proxy.

As at 19 June 2019 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 60,047,458 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 19 June 2019 are 60,047,458.

The following documents are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this Notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM from 10.45 am on the day of the AGM until its conclusion:

(a) the register of Directors' interests in the shares of the Company; and

(b) copies of the Executive Directors' service contracts with the Company and letters of appointment of the Non-Executive Directors.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE MEETING

Resolution 6 – Directors' power to allot relevant securities

Resolution 6, which will be proposed as an ordinary resolution, grants the Directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £1,000,791, representing approximately one-third of the nominal value of the issued ordinary share capital of the Company as at 19 June 2019, being the latest practicable date before publication of this Notice. The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the specified amount of unissued share capital is available for issue so that they can more readily take advantage of possible opportunities in the future.

Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or the date falling 18 months from the passing of the resolution, whichever is the earlier.

Resolution 7 – waiver of statutory pre-emption rights

Resolution 7, which will be proposed as a special resolution, authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £150,119, representing approximately 5% of the nominal value of the issued ordinary share capital of the Company as at 19 June 2019, being the latest practicable date before publication of this Notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company or 18 months after the passing of the resolution, whichever is the earlier.

The Company may hold any shares it buys back "in treasury" and then sell them at a later date for cash rather than simply cancelling them. Any such sales are required to be made on a pre-emptive, pro rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued ordinary shares on a non pre-emptive basis, resolution 7 will also give the Directors power to sell ordinary shares held in treasury on a non pre-emptive basis, subject always to the limitations noted above.

The Directors consider that the power proposed to be granted by resolution 7 is necessary to retain flexibility in relation to the management of the Company's share capital, although they do not have any intention at the present time of exercising such power.

Resolution 8 – authority to purchase ordinary shares (market purchases)

Resolution 8, which will be proposed as a special resolution, authorises the Directors to make market purchases of up to 3,002,373 ordinary shares (representing approximately 5% of the Company's issued ordinary shares as at 19 June 2019, being the latest practicable date before publication of this Notice). Shares so purchased may be cancelled or held as treasury shares as noted above. The authority will expire at the end of the next Annual General Meeting of the Company or 18 months from the passing of the resolution, whichever is the earlier. The Directors intend to seek renewal of this authority at subsequent Annual General Meetings.

The minimum price that can be paid for an ordinary share is 5p, being the nominal value of an ordinary share. The maximum price that can be paid is 5% over the average of the middle market prices for an ordinary share, derived from the Daily Official List of the London Stock Exchange, for the five business days immediately before the day on which the share is contracted to be purchased.

The Directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on earnings per share), they believe that such purchases are in the best interests of the Company and shareholders generally. The overall position of the Company will be taken into account before deciding upon this course of action. The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the Directors on the same basis at the time of the purchase.

Group five year summary

53 weeks ended 30 March 2019

	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000
Results					
Revenue	148,680	155,867	168,121	169,718	166,268
Operating profit/(loss)	4,362	7,725	8,194	6,736	(4,980)
Profit/(loss) before tax	1,700	6,110	7,107	6,917	(5,008)
Profit/(loss) attributable to equity shareholders	(1,392)	2,685	5,338	6,391	(2,479)
Loss attributable to non-controlling interests	–	–	(348)	(1,485)	(2,372)
Assets employed					
Non-current assets	47,355	40,904	36,667	34,421	41,580
Current assets	62,539	69,159	78,584	84,914	67,590
Current liabilities	(31,205)	(30,147)	(29,607)	(29,707)	(26,693)
Non-current liabilities	–	–	–	(1,385)	(1,770)
Net assets	78,689	79,916	85,644	88,243	80,707
Key statistics					
Earnings/(loss) per share	(2.3p)	4.5p	8.4p	8.3p	(8.2p)
Diluted earnings/(loss) per share	(2.3p)	4.5p	8.4p	8.2p	(8.1p)

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