LAURA ASHLEY

Annual Report 2019

Contents

Corporate Information

Board of Directors

Mr Andrew Khoo Boo Yeow ‡	*Chairman*
Mr Ng Kwan Cheong	*Chief Executive Officer*
Mr Seán Anglim	*Finance Director & Joint Chief Operating Officer*
Mr Wong Nyen Faat	
Prof. Jane M Rapley OBE *‡†	
Mr Leon Yee *‡†	
Mr David Cook *†	

* Member of Remuneration Committee
‡ Member of Nomination Committee
† Member of Audit Committee

Finance Director & Joint Chief Operating Officer

Mr Seán Anglim

Company Secretary

Mr Fong Sai Hup

Registered Office

27 Bagleys Lane
Fulham
London SW6 2QA
Tel: 020 7880 5100

Registered Number

1012631

Country of Incorporation

England and Wales

Website

www.lauraashley.com

Principal Banker

Barclays Bank plc
1 Churchill Place
London E14 5HP

Auditor

UHY Hacker Young LLP
Chartered Accountants
Quadrant House
4 Thomas More Square
London E1W 1YW

Stockbrokers

Cantor Fitzgerald Europe
1 Churchill Place
Canary Wharf
London E14 5RB

Registrar and Transfer Office

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
Tel: 0370 707 1110

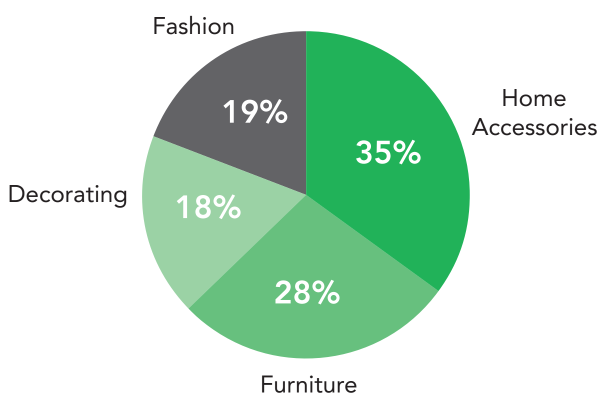
Summary

- Loss before tax and exceptional items** of £9.8m (2018: Profit of £5.6m).
- Statutory loss before tax of £14.3m (2018: Profit of £0.1m).
- Total Group sales of £232.5m (2018: £257.2m).
- Total like-for-like* retail sales down 3.5%.
- Fashion like-for-like* retail sales up 9.2%.
- Online sales of £51.2m (2018: £59.7m).
- The Board is not recommending payment of a dividend.

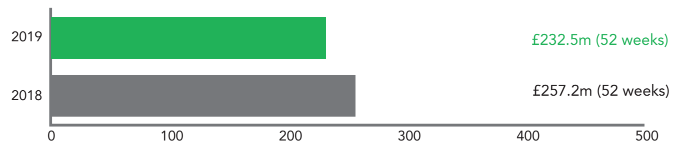
* References to like-for-like refer to a comparison of the 52 week period to 30 June 2019 with the 52 week period to 30 June 2018. Stores comparisons only include those that have traded throughout the full two year period to 30 June 2019.

** See page 10 for reconciliation of loss before tax and exceptional items and loss before taxation.

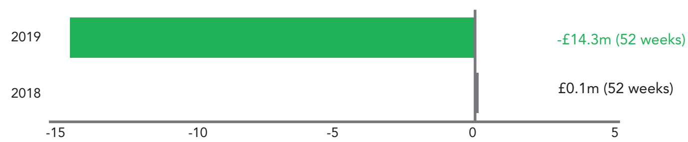
UK Retail Category Breakdown



Total Group Sales



Profit Before Taxation



FASHION

HOME ACCESSORIES

DECORATING

FURNITURE

HOSPITALITY

Chairman's Statement

Overview

For the 52 weeks to 30 June 2019, total Group sales were £232.5m (2018: £257.2m). Like-for-like sales fell by 3.5% over the same period. e-Commerce sales were £51.2m (2018: £59.7m). Like-for-like e-Commerce sales fell by 14.2%.

The Group recorded a loss before taxation, excluding exceptional items, of £9.8m (2018: Profit of £5.6m). An exceptional charge of £4.5m was recorded in the year of which £1.3m relates to the write off of an investment in a Japanese associate company.

Statutory loss before tax was £14.3m (2018: Profit of £0.1m).

Operating expenses of £91.1m were recorded for the year (2018: £91.7m). The reduction is largely attributed to the net reduction of store property costs but is offset by national living wage increases.

Cash Flow and Balance Sheet

As at 30 June 2019, there was no bank borrowing and net cash was £0.8m. Inventory of £46.7m was in line with requirements. Additionally, we have a new 3 year debt facility in place with Wells Fargo Capital Finance (UK) Limited.

Dividend

No interim dividend was paid during the year and the Board is not recommending payment of a final dividend. No dividend was paid during the year ended June 2018.

UK Retail

As at 30 June 2019, the property portfolio in the UK comprised 155 stores (June 2018: 160). The portfolio is as follows: 105 Mixed Product stores, 47 Home stores, 1 concession store, 1 Gifts & Accessories store and 1 Clearance outlet. During the reporting period, six stores were closed and one opened, reducing total selling space by 3.6% to 639,000 square feet.

Over the coming year, we will open two new stores and close five to seven stores as we continue to optimise the store portfolio.

Total UK retail sales of £222.9m were recorded during the 52 week period to 30 June 2019 (2018: £236m). UK retail sales were affected by the six closures and considerable market uncertainty.

Total e-Commerce sales of £51.2m were recorded during the 52 week period to 30 June 2019 (2018: £59.7m). On a like-for-like basis, online sales fell by 14.2% following a re-platforming of our website.

Product

The UK business is split into four main categories. For the period ended 30 June 2019, the relative split of UK sales was as follows: Home Accessories 35%, Furniture 28%, Decorating 18% and Fashion 19%.

Home Accessories

The Home Accessories product category includes lighting, gifts, bed linen, rugs, throws, cushions and children's accessories.

Home Accessories sales for the year to 30 June 2019 fell by 0.8% over the same period last year with like-for-like sales up by 1.1%. Our best performing products in this category were lighting, seasonal gifting and bedlinen. We have seen consistent like-for-like growth in this category over recent years and expect that this will continue as we grow and enhance the product ranges.

Furniture

The Furniture product category includes upholstered furniture, cabinet furniture, beds and mirrors.

Furniture sales for the year to 30 June 2019 decreased by 10.1% over the same period last year with like-for-like sales down by 9.0%. As our most expensive product category, we believe that there has been some impact from weak consumer confidence, particularly at the higher price purchase points. We remain however, confident in the quality of our furniture ranges. We see opportunities to add more contemporary styles to this category and will do so over the coming months.

Decorating

This category includes fabric, curtains, wallpaper, paint and decorative accessories.

Decorating sales for the period to 30 June 2019 fell by 15.0% with like-for-like sales down 13.7%. This product category has had a difficult year and we have undertaken a thorough review of the entire range. We are introducing new styles and designs which will add modernity but retain the Laura Ashley handwriting. Decorating is central to our brand and our intention is to broaden its customer base and accordingly strengthen the underlying business.

Fashion

This category includes adult fashion, selected girls wear, fashion accessories and perfumery.

Fashion sales for the period to 30 June 2019 increased by 4.2% over the same period last year with like-for-like sales up by 9.2%. This performance is built on a very strong performance in 2018 and we are pleased with the continuity. We are confident that this level of growth can be maintained in what is an extremely competitive product category.

Hotels and Tea Rooms

Following our recent focus on Hospitality, there are now nine licensed Laura Ashley Tea rooms and two licensed Laura Ashley Hotels. We are delighted with the progress of this concept and are optimistic that this growth will continue into the year ahead and will become a key part of total Group revenue. Currently all licenses are with UK partners. However, we are working to expand hospitality to an international audience and good progress, in that regard, is being made.

International Operations

Contributing 3.2% of total Group revenue, our international Franchise and Licensing channels are an important and strategic part of our business. As at 30 June 2019, there were 80 franchised stores (213 as at 30 June 2018) in 25 territories worldwide.

Franchise and Licensing revenue of £7.4m was recorded during the period to 30 June 2019 (2018: £18.0m). The primary reason for the year on year shortfall is the loss of business in Japan from September 2018, following the termination of our partnership with Aeon Holdings. We have subsequently signed a Master Licensing partnership agreement with Itochu Corporation for the marketing and development of the Brand in Japan.

We are also pleased to announce that we have signed an exclusive Master License agreement with IMG to develop and market the Brand in China. This is an exciting opportunity for the Group and we look forward to a successful partnership with IMG.

We now have master license agreements with partners in place for Japan, USA and China and are very optimistic that, this strategy will deliver market penetration and sustained growth over the years to come.

Sale of Properties

During the year to June 2019, the Group disposed of two properties. Our offices in Singapore were sold for SGD$54.5m and our hotel, Laura Ashley, The Manor in Elstree was sold for £6.0m. These transactions have enabled the Group to pay down all long term debt. The Board believed that it was an appropriate time to sell these properties and that it would put the Group on a sounder financial footing going forward.

Current Trading and Outlook

Trading for the seven weeks to 17 August 2019 is performing in line with management expectations.

Laura Ashley's Brand is built on beautifully designed, high quality products. We remain resolutely confident in the underlying strength of this much loved Brand, in its relevance for today and in our strategies to both maintain and develop it.

Acknowledgements

I wish to convey my thanks and appreciation to the staff, management and my fellow Board members for their hard work, dedication and commitment.

For their continued support and loyalty to the Group, I would like to thank our customers, shareholders and suppliers.

Andrew Khoo Boo Yeow

Chairman

Date: 6 September 2019

Group Strategic Report

Business Overview

Laura Ashley is an international lifestyle brand which specialises in retailing furniture, home accessories, decorating and fashion products. The Group has retail stores based in the UK, Republic of Ireland and France and Franchise operations located across the world in 25 territories. Laura Ashley also has a number of Licensing partners who manufacture and distribute products such as fitted kitchens, carpets, window shutters, bed linen, tiles and cookware in the UK, Europe, Japan, and America.

The Group has a licensing agreement with Corus Hotels Limited, which manages and is a major shareholder of Laura Ashley Hotel, The Belsfield on the shores of Lake Windermere and the Iliffe Hotel, Coventry. It also manages 3 tea rooms across various locations in the UK. Separately, the Group has independently licensed the tea room concept in 6 other locations, taking the total licensed tea rooms to 9. Both concepts are showcases for Laura Ashley's product, design service and Brand. The Group, in the reporting year, disposed of a hotel in the UK, Laura Ashley The Manor Hotel, located in Elstree, Hertfordshire.

Financial Performance

The Group's financial performance for the year has been adversely impacted by a number of factors, several of which have been outside of the Group's control.

Foreign currency exchange rate movements
Approximately two-thirds of the products sold by the Group are bought in the Far East and Europe and are paid for in US Dollars and Euros. As explained in note 22, a 1% depreciation in Sterling against these currencies for a full 12 months could reduce the Group's profit by approximately £0.9m.

During the year, the average rate of exchange of Sterling against US Dollars depreciated by 3.8% compared to the average for the previous financial year whereas the rate of exchange of Sterling against the Euro over the same period appreciated by 0.5%. The adverse effect of Sterling depreciation against US Dollar has contributed to the weakening of the margin rate by 2.8%. There has been no significant effect from the Sterling to Euro movement.

UK employment costs & legislative changes
Salaries and wages have risen by between 4% and 5% during the year primarily as a result of statutory increases in the levels of the National Living Wage and the National Minimum Wage. The impact of these increases has been mitigated, where possible, by increased focus on operational efficiencies.

Investment in Associate in Japan
In the reporting year, Aeon Holdings ended its relationship with the Group, and though a replacement, Itochu Corporation, has been found in Japan, it is not as valuable as the previous partnership as of yet. The Group expects it will take some time to grow the Japanese business back to previous levels but is confident that this will happen.

Impact of Brexit
The Group is continuing to monitor the Brexit negotiations with a view to understanding how this may impact the business and will endeavour to take appropriate action where necessary.

Financial Position and Liquidity

The Group's net assets fell by £16.2 million during the financial year. This has primarily been the result of the trading loss suffered by the Group and an increase in the pension liability.

The Group's net cash position increased by £12.2 million during the year following the sale of the Singapore and Elstree properties. All long term borrowing within the Group has been eliminated.

Markets and Trends

The performance of the Group's worldwide business depends on the successful management of the Brand, ensuring that it remains relevant and highly respected in an ever changing consumer environment.

Traditional marketing channels continue to be complemented by online marketing and social media. Facebook, Instagram, Pinterest, Twitter and other social media channels have become increasingly important in raising brand awareness.

The Group is committed to delivering a well-designed, high quality product range that is appropriate to each market. Product is selected and designed to reflect both the Brand's handwriting and relevance to an eclectic customer base.

Product price and positioning are regularly reviewed to take account of consumer appetite and the prevailing retail environment as well as the margin requirements of the business.

Business Model

The Laura Ashley Lifestyle Brand, with its breadth of designs and products, is based on high standards of quality and value. We are proud of our British heritage, which dates back 65 years, and we continue to build on this. Over 33% of our home furnishing sales are from products manufactured in the UK. Management ensures that products attain high standards of design and quality that are appropriate in all its international markets.

From traditional retail stores, to mail order catalogues, a comprehensive website and interior design consultancy service, we seek to offer a wide range of ways for people to purchase and be inspired by our products.

The Group trades in 236 stores worldwide, 156 of which are located in the UK, Ireland and France, with the remaining 80 being Franchise stores situated across the world. We operate five main store types comprising: Mixed Product stores (selling all product categories), Home stores (selling home products only), Home Concession stores, Gift & Accessories stores and a Clearance outlet. The Group will continue to review its store portfolio and positioning as structural changes in the retail industry continue to emerge.

Direct business, encompassing e-Commerce and Mail Order, is a key part of the Group's multi-channel retail strategy and Laura Ashley delivers its full product range throughout the UK, France, Germany, Austria, Italy, Switzerland, Hungary, the Czech Republic and the Benelux countries. The online experience is constantly evolving and we regularly review and monitor our website to keep pace with the market. A new digital platform was launched in November 2018.

The Group's Franchise business is built on the solid foundation of the Laura Ashley Brand which has enabled us to attract Franchisees from around the world.

The Group has a number of Licensing partners who are selected for their product expertise and unique local knowledge. They provide the Group with the opportunity to enhance the Laura Ashley Brand and expand its Lifestyle product offering.

The Laura Ashley Design Service is available in the UK, Ireland and France. The Design Service team is comprised of more than 44 designers who offer bespoke and unique interior design solutions for our discerning customers.

The Group has recently signed a master license agreement for the region of China. The Group expects this will be successful as the partner, IMG, is an experienced licensing operator.

Objectives and Strategies

The primary financial objective is the delivery of sustainable and satisfactory long-term returns for our shareholders. We aim to achieve this through pursuit of the following strategies:

- Continuous improvement of customer service and customer satisfaction.
- Increasing Brand awareness.
- Multi-channel marketing strategy to maintain and grow our customer base.
- On-going improvement and development of our product ranges.
- Managing our store portfolio effectively.
- Expansion of our Franchising business in existing and new international markets.
- Ensuring Licensed products enhance the Laura Ashley Brand and expand our Lifestyle offer.
- Managing our gross and net margins through efficient sourcing of products, stock management and cost control.

In line with these strategies, the main initiatives that have been implemented during the year include:

- Recruitment of master license partners for China and Japan.
- Appointment of a new Head of Home and a restructuring of the team.

Key Performance Indicators

The Group measures progress against clear targets and key performance indicators such as customer satisfaction and service, product quality, international expansion, growth of Brand exposure both in the UK and internationally, profit before tax and like-for-like sales growth.

Delivering good quality customer service at all times is central to the business and this is measured on a weekly basis against a range of key performance indicators, including:

- length of time taken to answer telephone calls and respond to email communications;
- percentage of cases closed-out within certain time limits;
- number of deliveries to customers achieved on time and without issue; and
- qualitative feedback received via social media platforms.

Product quality is at the core of the Brand and business strategy. This is statistically reviewed on a regular basis by a range of people within the business and pays particular attention to:

- number of replacements of defective or sub-standard product items;
- level of re-makes of made-to-measure curtains and blinds;
- incidence of damage caused to products on delivery; and
- number of recalls of product.

Metrics are gathered on both the quality of customer service and Laura Ashley products via our dedicated contact centre located in Newtown, Wales, through our range of stores and various other reporting channels. These are monitored on a weekly basis and appropriate action is taken to both address the particular matter in hand and to ensure that quality standards are maintained or improved.

UK Store Sales

Laura Ashley UK and Republic of Ireland had 155 stores as at 30 June 2019 compared to 160 as at the end of the last financial period. Total UK store sales for the year ended 30 June 2019 were £171.7 million (2018: £176.4 million).

The performance of each store is reviewed and monitored on a weekly basis. Store performance is also measured on a like-for-like basis which provides an indicator of organic sales growth. Like-for-like UK sales for the 52 weeks to 30 June 2019 were down by 3.5%.

Store selling space

	30 June 2019	30 June 2018	% Change
Store numbers	**155**	160	3%
Square Feet ('000)	**639**	662	4%

Store selling space is defined as the trading floor area of a store, excluding stockroom, administration and other non-trading areas. UK store selling space decreased by 24,000 square feet in the 52 weeks ended 30 June 2019. The ongoing implementation of our store portfolio management strategy resulted in 1 store being opened and 6 stores being closed during the year.

Gross Margin

The gross margin rate measures, in percentage terms, the total gross margin, which represents total revenue less cost of sales, over total revenue.

Gross margin rates decreased by 2.8% year on year (2018: decrease 1.3%).

Direct Business

Our e-Commerce and Mail Order channels are vital parts of our multi-channel retail strategy. Total e-Commerce and Mail Order sales for the 52 weeks ended 30 June 2019 accounted for 23.0% of total UK retail sales.

With our various catalogues, our Mail Order remains an important marketing channel for Laura Ashley.

We have continued to build our Brand presence in China and are now trading online through 2 Chinese online platforms; T Mall Global and Little Red Book.

Franchising

Our international Franchising operations are an important part of the Laura Ashley business and provide a route to increased recognition of our Brand around the world.

As at 30 June 2019 there were 80 (2018: 213) Franchised stores in 25 (2018: 29) territories worldwide. Franchise revenue for the 52 week period ended 30 June 2019 was £3.9 million (2018: £14.5 million).

A number of international markets where we have a presence have been challenging in recent years and continue to be so. Our franchisees in Australia and Chile closed down in the last 12 months.

We have opened 9 Tea Rooms in the UK and are proposing further licensing of Hotels and Tea Rooms. This will come to represent a significant development in the growth of both Brand exposure and revenue streams in the UK and internationally in the future.

Licensing

Licensing income for the 52 week period ended 30 June 2019 was £3.5 million (2018: £3.5 million). Laura Ashley has over 70 global licensing partners distributing across 36 territories.

The main focus this year has been on assisting existing licensees to extend their product collections and distribution. Particular success has been seen in sales of our Ceramic Tiles, Kitchen Collection and European Tableware range.

Significant expansion in licensing income is expected in the coming years as our activities in Japan have moved to a pure licensing model with our new license partner, Itochu Corporation, following the cessation of trading through stores operated by Aeon Holdings. We expect to see a significant expansion in licensing products across a broad range of categories, as well as growth in the number of licensees operating within the country. In recently signing a deal with IMG for China, we intend to make significant inroads into broadening the brand presence there with an experienced licensing partner.

Review of the Business

Fashion and Home Accessories registered positive like-for-like sales growth of 9.2% and 1.1% respectively. Decorating and Furniture registered like-for-like sales decreases of 13.7% and 9.0% respectively.

During the 52 weeks ended 30 June 2019, as a percentage of revenue, operating expenses increased to 39.1% from 35.6% in the previous period but reduced in quantum from £91.7 million to £91.1 million.

Financial Summary

	52 weeks to 30 June 2019 £m	52 weeks to 30 June 2018 £m
Revenue	**232.5**	257.2
Gross Profit	**82.1**	98.1
Operating expenses	**(91.1)**	(91.7)
(Loss)/Profit before taxation and exceptional items	**(9.8)**	5.6
(Loss)/Profit before taxation	**(14.3)**	0.1
Loss per share (excluding exceptional items)	**-1.30p**	0.56p
Loss per share	**-1.92p**	-0.19p
Capital expenditure	**1.1**	2.3
Retirement benefit liabilities	**15.1**	11.1
Cash and cash equivalents	**0.8**	(11.4)

Reconciliation of (Loss)/Profit before tax and exceptional items and (Loss)/Profit before taxation

In this report, references are made to "(Loss)/Profit before tax and exceptional items" in order to provide an alternative measure of the underlying trading performance of the Group. A reconciliation of (Loss)/Profit before tax and exceptional items and (Loss)/Profit before taxation is given in the table below:

	2019 £m	2018 £m
(Loss)/Profit before tax and exceptional items	**(9.8)**	5.6
Exceptional items		
Impairment of property	**(0.2)**	(4.7)
Bad debt provision	**(0.9)**	–
Onerous lease provision	**(0.5)**	–
Investment in associate written-off	**(1.3)**	–
Store closure costs	**(0.7)**	(0.8)
Pension GMP Equalization	**(0.9)**	–
	(4.5)	(5.5)
(Loss)/Profit before taxation	**(14.3)**	0.1

This alternative performance measure is not defined by International Financial Reporting Standards (IFRS) and, therefore, may not be directly comparable with alternative performance measures used by other companies, including those within the retail sector. Alternative performance measures should be considered in addition to IFRS measurements and are not intended to be a substitute for or superior to them.

Results

Revenue for the 52 weeks ended 30 June 2019 was £232.5 million (2018: £257.2 million) and total gross profit for the 52 weeks ended 30 June 2019 was £82.1 million (2018: £98.1 million).

Loss before taxation for the 52 weeks ended 30 June 2019 was £14.3 million (2018: profit of £0.1 million).

There was an exceptional loss in the 52 weeks ended 30 June 2019 of £4.5 million (2018: net loss of £5.5 million).

The Group recorded an increase in the pension liability provision of £4.0 million. This was primarily due to changes in market conditions, specifically the fall in corporate bond yields and increase in market implied inflation over the year, increasing the value placed on liabilities. Additional liabilities also arose in the year due to the UK-wide issue of pension schemes now having to address the inequalities of Guaranteed Minimum Pension (GMP) benefits, following the High Court ruling in October 2018. These changes exceeded the contributions paid in over the year and the positive return on the scheme assets.

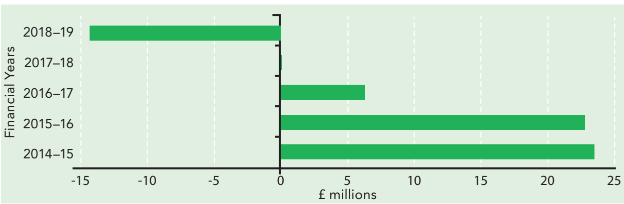
Revenue and Operating Results

Total retail sales for the 52 weeks ended 30 June 2019, including e-Commerce and Hotel, were £225.1 million (2018: £239.2 million). UK retail store sales densities inclusive of VAT for 52 weeks ended 30 June 2019 were £304 per square foot compared to £315 per square foot in the previous 52 week financial period. Non-retail sales amounted to £7.4 million for the 52 weeks ended 30 June 2019 (2018: £18.0 million).

Total store revenue for the 52 weeks ended 30 June 2019 for the UK, Ireland and France amounted to £172.5 million (2018: £177.4 million). Total direct sales for the 52 weeks ended 30 June 2019 were £51.2 million (2018: £59.7 million).

Operating expenses for the 52 weeks ended 30 June 2019 were £91.1 million (2018: £91.7 million).

(Loss)/Profit Before Taxation – 5 year summary



Taxation

The taxation charge for the period comprises taxation for the Group on current and prior periods' taxable profits.

Net Assets

Net assets of the Group as at 30 June 2019 amounted to £20.2 million, a decrease of £16.2 million compared to the net assets for the previous period.

The Group had a net positive cash position of £0.8 million at the year-end (2018: negative £11.4 million).

Store Portfolio

Changes to the Group's store portfolio during the financial period were as follows:

Number of Stores	UK and Ireland	France	Total
June 2018	160	1	161
Opened	1	–	1
Closed	(6)	–	(6)
June 2019	**155**	**1**	**156**

Net Square Footage ('000)	UK and Ireland	France	Total
June 2018	662	2	664
Opened	3	–	3
Closed	(26)	–	(26)
June 2019	**639**	**2**	**641**

Cash and Banking

The Group's net cash flow during the period is shown below:

	2019 £m	2018 £m
Operating activities	(2.8)	4.0
Investing activities	35.7	(2.3)
Financing activities	(20.7)	(2.4)
Net cash inflow/(outflow)	12.2	(0.7)

The Group's cash balances increased during the period as follows:

	2019 £m	2018 £m
Opening net (overdrafts)	(11.4)	(10.7)
Total cash inflow/(outflow)	12.2	(0.7)
Closing net cash position	0.8	(11.4)

The Company did not pay a dividend to shareholders in the 52 week period ended 30 June 2019 (2018: £0m). Total capital expenditure for the financial period ended 30 June 2019 was £1.1 million (2018: £2.3 million).

We are optimistic that the Group will generate a cash inflow from its operations in the foreseeable future. This will be enhanced by the net proceeds from the proposed sale of the Oakview property which is expected to be sold in September 2019 following the completion of the transaction and is shown within assets held for sale. Subject to thorough review, surplus cash will be invested in the long-term interests of the business and that of its shareholders.

Treasury

The Group's Treasury strategy is controlled through a Treasury Committee, chaired by the Chief Executive Officer. The Committee meets regularly throughout the year. The Treasury function arranges funding for the Group and all operating units. The Committee's objectives are to review and control cash flow, control interest costs and minimise foreign exchange exposure.

Principal risks and uncertainties

A robust assessment of the Group's risks and uncertainties is undertaken by the Board. The Board is informed at every meeting of the principal risks and uncertainties of activities across the Group, which could have a material impact on the Group's long and short term performance and action plans to mitigate these risks. The Group's risk assessment process is designed to identify, manage and mitigate business risks. The key principal risks and the actions taken to mitigate the risks and uncertainties identified by the Group are set out on page 13.

The Board considers that these are the most significant risks in achieving the Group's business goals. The risks listed do not comprise all those associated with the Group and are not set out in any order of priority. There could be additional risks and uncertainties which are not presently known to management or currently deemed to be less material, which may also have an adverse effect on the business. The Group's risk management policies and procedures are also discussed in the Report on Corporate Governance.

The Group has recently completed terms on an asset backed lending facility which has maximum headroom of £20 million, to mitigate some of the performance and trading related risks. As part of the Group's assessment of going concern, forecasts were prepared to 30 September 2020 in order to support the board's conclusions regarding the ability of the business to continue to operate as a going concern for at least the next 12 months. Sensitivities were performed on these forecasts, including trading downsides, which consisted of gross profit margin erosion and reduced revenue, which recognised the uncertainty amongst the retail sector and allowed the Board to assess the level of liquidity and headroom position. These forecasts and sensitivities suggest that, even in difficult trading conditions, the Group would continue to have sufficient headroom for its commitments for the next 12 months.

Risk Management

The Management Committee monitors the internal risk management function across the Group and advises on all relevant risk issues. There is regular communication with internal departments and external advisory bodies and regulators. It also has access to external support, where required, in order to ensure that standards are maintained and the issues raised are discussed and, where necessary, addressed. The Group's policies on financial instruments and the risks pertaining to those instruments are set out in the accounting policies on pages 48 and 49 and note 22 to the financial statements.

Business Continuity

The Business Continuity Plan is regularly updated and implemented throughout the Group. A regular internal audit of the plan is undertaken to ensure that management teams are kept informed of any changes that will have an impact on their respective areas of operations.

Principal risks and mitigating activities

Issue	Risk	Mitigating Activities
Retail Strategy		
Failure of the Home and Fashion business to meet sales and margin targets.	Adverse effect on financial results.	New and relevant product offering, exploiting areas of strength of the Brand to ensure products meet the expectations of our customers.
Failure to maintain or increase market share.	Loss of market share and customer loyalty.	Review promotional strategies to drive trade.
Failure to optimise store portfolio.	Impact of unprofitable locations on Group profitability.	Continuous review of store locations.
		Use of third party design resource.
Failure to develop relevant product ranges.	Loss of credibility as a niche retailer.	Continuous product sourcing review to remain competitively priced.
People		
Failure to attract, develop and retain talent with the correct skills and capability for further development as part of our succession policy.	Inability of the team to perform duties efficiently, develop and execute business plans due to lack of experience and the right skills.	Continued review of staff in key positions.
	Competitive disadvantage.	Continue to actively train new team members.
		Maintain employee communication.
e-Commerce		
Failure to deliver sales growth online by failing to meet customer expectations or through failure of the website.	Adverse effect on financial results.	Continue to invest in the Group's digital platform to meet consumers' needs.
	Loss of market share and customer loyalty.	Focus on improved order fulfilment and customer service.
Franchise & Branding		
Failure to grow our international business successfully through Franchise and Licensing partnerships.	Adverse effect on financial results.	Continue to grow the Brand internationally by looking for appropriate partners in new territories.
	Damage to the Brand.	Forge strong relationships with key partners.
Finance		
Failure to maintain cost efficient funding and generate sufficient cash flow.	Adverse effect on financial results and inability to pay suppliers and other third parties on time.	Stringent cash flow management including daily cash monitoring. Financing facilities in place.
Failure to react to changes in foreign currency exchange fluctuations.		Active negotiation with suppliers to reduce impact of vagaries of foreign exchange.
		Foreign exchange hedging as required.
Information Technology		
Failure of central computer servers that manage points of sale, contact centre or website.	Inability of staff or customers to place and process orders, leading to loss of revenue and consumer confidence.	Regular upgrade and constant checks of existing software and hardware.
The risk of loss of staff, customer or corporate data.	Loss of trust in the Company/Brand.	Invoke full disaster recovery plan with priorities set for each application.
	Loss of revenue to the Group.	Systems security regularly updated. IT suppliers/partners thoroughly vetted.
Group Pension Arrangements		
Operation of a funded pension scheme in deficit.	Significant decrease in the value of the assets or increase in the value of the liabilities of the scheme due to changes in the performance of financial markets or actuarial assumptions.	Regular consultation with Trustees and actuary, reporting of asset values and changes in key market indicators, such as bond yields, inflation, earnings growth and equity performance.
	Inability of Laura Ashley to sufficiently contribute to the scheme to eliminate the deficit.	Consistent budgeting for and financing of employer contributions at a sustainable rate over a reasonable time frame.

Changes in principal risks and uncertainties

The changing nature of the retail market and the various headwinds facing retailers have remained challenging and are likely to continue into the new financial year. These include, but are not limited to, margin pressure arising from external factors, such as the National Living Wage, pension auto-enrolment, business rates increases due to re-basing of rateable values and weak Sterling performance arising from political uncertainty. Additionally, changing consumer behaviour to a more value-based shopping proposition has impacted our retail offer accordingly.

As set out in Note 30, the Group's net pension deficit has increased significantly during the year, despite the contributions paid and positive asset performance. This is primarily due to the change in market conditions over the year increasing the value placed on the scheme liabilities, and the additional liability that has arisen as a result of the October 2018 High Court Ruling effectively requiring schemes to address inequalities arising from Guaranteed Minimum Pension benefits. The Group will continue to closely monitor the position of the pension scheme on a regular basis.

The enacting of GDPR in May 2018 has placed renewed emphasis on the integrity of consumer and employee data held by the Group, and the security of its IT systems. These will continue to be closely monitored and supported by continued investment in the Group's IT infrastructure.

Other Considerations

Environment

The Group continues to place a high level of importance on environmental considerations and has a responsibility to manage the impact of its business on the environment. Key focus areas continue to be: energy and water use as well as CO2 emissions from stores, warehouses, distribution centres and offices; fuel emissions from the transportation of products to either stores or customers' homes; waste created in stores, warehouses, distribution centres and offices. A summary of the Group's greenhouse gas emissions is available on page 17 within the Directors' Report.

Viability Assessment

The Directors have assessed the prospects of the Group by reference to its financial position, recent and historical financial performance, current forecasts and the principal risks and mitigating factors described above. In addition, the Board regularly reviews the financing position of the Group and its projected funding position and requirements. The Directors review forecast income statements and cash flow projections on a regular basis. In addition, the likelihood and impact of severe but plausible scenarios in relation to the principal risks are assessed, both individually and collectively, taking into consideration mitigating actions that might be undertaken in particular situations. In looking at different scenarios, Directors have assessed the sensitivities of outcomes to changes in the underlying assumptions.

The principal risks are regularly assessed as to the likely impact on the business over a 3 year period. Having recently completed terms on a lending facility for a maximum of £20 million, the viability of the business is not seen to be at risk at this time. There is an element of risk in the retail sector, which may affect the Group's ongoing viability assessment, however forecasts prepared and the addition of the facility add to the Group's viability.

In our viability assessment we have assumed that the current weakness of Sterling will continue until the Brexit negotiations are concluded. In mitigation of this, we are reviewing our supplier base and territories from which we source.

Employees

The Group values and respects its employees and endeavours to engage their talents and abilities fully. It aims to be a good employer and provide personal development, training and equality of opportunity. It also aims to achieve high standards in employment practices and has a comprehensive suite of employment policies and procedures. These policies include procedures covering grievance resolution, bullying and harassment and equal opportunities.

The table below shows the number of employees by gender in the Group as at 30 June 2019.

	Group 2019		Company 2019	
	Female	Male	Female	Male
Directors, including non-executive Directors	1	5	1	5
Senior Managers	2	1	–	–
Other Employees	2,184	580	–	–

Corporate Social Responsibility

As the Group expands both globally and online, we endeavour to ensure that our product ranges are manufactured and transported in both a socially responsible and ethical fashion. The Group is committed to positive change, taking responsibility for the impact we have as we grow.

Health & Safety

The health and safety of our employees and those who enter our premises are protected by managed systems in all our places of work. The Group's objectives are to manage its business in a safe manner and to take suitable measures to ensure that its activities do not harm our employees, customers or others entering the premises.

The Group operates a Health and Safety Policy and all areas are risk assessed and internally audited to ensure adherence. During the period, we continued our programme of annual audit reviews and the updating of risk assessments to ensure continued compliance.

Social, Ethical & Environmental Matters

The Group is committed to addressing social, ethical and environmental matters in a way that aims to bring value to all our stakeholders. The Group continues to strive to improve in these areas by acting in an ethical manner, developing positive relationships with our suppliers and taking responsibility for our impact on the environment. Through contributions to charities and community organisations, the Group actively seeks to improve the quality of life for those in the community who are less fortunate.

By Order of the Board

Fong Sai Hup
Company Secretary
6 September 2019

Directors' Report

The Directors present their annual report and audited financial statements for the financial period ended 30 June 2019.

Results for the financial period and business review

The Group's results for the financial period ended 30 June 2019, business review of the Group and description of the principal risks and uncertainties facing the Group have been set out in the Chairman's Statement on pages 5 to 6 and the Group Strategic Report on pages 7 to 15. The Directors confirm that they have reviewed the proposed budgets and forecasts for at least 12 months from the date of signing the annual financial statements for the financial period ended 30 June 2019 and are satisfied that the Group will have adequate working capital to meet its strategic needs.

The Board is not recommending payment of a final dividend. No interim dividend was paid (2018: nil).

Capital structure

Details of the ordinary shares of the Company are shown in note 25. The Company has only one class of ordinary shares of 5 pence per share, which carry no right to fixed income. Each holder of ordinary shares is entitled to receive the Company's Annual Report and audited financial statements, to attend and speak or appoint proxies and to exercise voting rights at the general meetings of the Company.

The Company's Articles of Association (the "Articles") do not have any specific restrictions on the transfer of shares, restrictions on voting rights nor are there limitations on the holding of such shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Shareholders with significant interests are disclosed on page 19.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Under its Articles, the Company has authority to allot ordinary shares up to an aggregate nominal value of £12,309,583.57 representing 33% of the issued share capital as at 21 August 2019.

The appointment and replacement of Directors and powers of the Directors are governed by the Company's Articles, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The powers of Directors are described in the Report on Corporate Governance on pages 22 to 26.

Global Greenhouse Gases (GHG) emissions for the reporting period 1 July 2018 – 30 June 2019

We are reporting on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which fall within our consolidated financial statements.

GHG emissions for the Group for the financial period ending 30 June 2019 were 22% lower than in 2017-2018, on a location basis, owing to reduced consumption of electricity, gas and transport fuel, plus a 10% reduction in the carbon intensity of electricity in the UK. On a market basis the drop was larger, at 36% due to the switch to a green tariff in the UK in November 2017. These emissions include all material Scope 1 and Scope 2 emissions required to be disclosed by legislation, plus Scope 3 electricity transmission and distribution losses. The intensity of 43.5 tonnes CO_2e per £m revenue is 14% lower than last year.

All material Scope 1 and Scope 2 emissions comprise mobile and stationary fuel combustion (fuel use in company owned vehicles and gas use in buildings respectively), plus 'fugitive emissions' (refrigerant gas leaks from cooling systems), and emissions associated with the generation of purchased electricity.

GHG emissions for period: Emission sources	2018-2019 (July 18 – June 19) Tonnes CO_2e	2017-2018 (July 17 – June 18) Tonnes CO_2e
Fuel combustion (stationary)	1,474	1,605
Fuel combustion (mobile)	5,081	6,984
Fugitive Emissions[a]	35	0[b]
Purchased Electricity (Location Basis[c])	3,531	1,491
Purchased Electricity (Market Basis[d])	195	2,006
Total Emissions (t CO_2e) (Location Basis)	**10,121**	**12,955**
Intensity ratio (t CO_2e per £m sales)	43.5	50.4
Total Emissions (t CO_2e) (Market Basis)	**6,785**	**10,595**
Intensity ratio (t CO_2e per £m sales)	29.2	14.4

[a] Fugitive emissions comprise refrigerant leaks from cooling systems.

[b] Emissions from F-gas (refrigerant leaks) were not included in 2017-2018 report as this data was not available.

[c] On a location basis, the emissions from electricity are calculated at the average carbon intensity of the UK grid.

[d] On a market basis, emissions are determined by the tariff used by the Company during each given year. In 2018-2019 all UK electricity was obtained from a green tariff (Total Gas & Power) so are treated as zero carbon; Ireland and France are calculated at the residual factor. Transmission & distribution losses are included in both cases.

Boundary, methodology and exclusions

An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary[1].

This approach captures emissions associated with the operation of all buildings such as warehouses, offices and retail stores, plus company-owned and leased transport. This covers Laura Ashley's operations in the UK, France and Ireland.

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019. Emissions have been calculated using the 2019 conversion factors provided by Department of Business, Energy and Industrial Strategy (BEIS), and the European Association of Issuing Bodies 2018 conversion factors, for France and Ireland electricity.

There are no material omissions from the mandatory scope 1 and 2 emissions. The reporting period is July 2018 to June 2019, as per the financial accounts.

Future developments

The Chairman's Statement and Group Strategic Report include developments intended for the Group in the foreseeable future.

Board of Directors

The names of the Directors of the Company are shown on page 2. Mr David Cook was appointed as Director of the Company on 14 November 2018. Mr David Walton Masters resigned as Independent Non-Executive Director of the Company on expiration of his term on 16 October 2018. Tan Sri Dr Khoo Kay Peng resigned as Non-Executive Chairman and Director of the Company on 13 December 2018.

In accordance with the Company's Articles, Mr Ng Kwan Cheong, retires by rotation at the AGM and will offer himself for re-election as an Executive Director of the Company.

In accordance with the UK Corporate Governance Code, Mr David Cook will offer himself for election as a Non-Executive Director of the Company.

Details of the current Directors are as follows:

Mr. Andrew Khoo Boo Yeow, 46, Non-Executive Chairman, joined the Board of Laura Ashley Holdings plc as Non-Executive Director on 10 January 2018 prior to his appointment as Chairman on 13 December 2018. He is also the Chairman of the Nomination Committee of the Company, and a Director of UK-based Corus Hotels Ltd. Mr. Khoo currently sits on the Boards of several public and non-listed companies outside the United Kingdom. He is the Executive Chairman and Chief Executive Officer of Malayan United Industries Berhad and MUI Properties Berhad, Executive Director of Pan Malaysia Corporation Berhad and its Singapore subsidiary, Network Foods International Ltd, Chairman of Metrojaya Berhad and West Synergy Sdn Bhd. He is a Director of Federal International (2000) Ltd based in Singapore. In the United States, Mr. Khoo is a Director of Regent Corporation, Laura Ashley (North America) Inc and Laura Ashley Inc. He is also the President of the Franchising and Licensing Association (Singapore). A Barrister-at-Law from Lincolns Inn, United Kingdom, Mr. Khoo holds a Degree in Law and Master of Arts from Cambridge University, United Kingdom. He has also obtained a Master of Business Administration Degree

1 An operational control approach to GHG emissions boundary is defined as: "Your organisation has operational control over an operation if it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies at the operation".

from Seattle Pacific University, the United States, as well as a Bachelor of Arts Degree, majoring in Political Science and minoring in Economics from the University of Victoria, Canada.

Mr Ng Kwan Cheong, 71, was appointed Chief Executive Officer and Executive Director on 5 January 2012. He was formerly the Chief Executive Officer of the Company from 1999 to 2003 and a Non-Executive Director of the Board from 26 March 2008. Mr Ng is currently on the Boards of Laura Ashley Inc., Laura Ashley (North America) Inc. and Regent Corporation Inc. He was also the former President of Laura Ashley Inc. and Regent Corporation Inc. and the former Managing Director of Metrojaya Berhad, the retailing arm of the MUI Group.

Mr Seán Anglim, 56, was appointed to the Board as an Executive Director and Finance Director on 10 January 2018. Mr Anglim has worked for Laura Ashley since November 1996. He was appointed as Group Financial Controller in 2005 and as Operations Director in 2007. Between 2007 and 2009, Mr Anglim was the Chief Financial Officer and took up the role of Joint Chief Operating Officer in November 2011. Since October 2012, Mr Anglim held the dual role of Chief Financial Officer and Joint Chief Operating Officer, the latter of which he still holds. Mr Anglim sits on the Board of several subsidiaries of Laura Ashley Holdings Plc including Laura Ashley Limited. Mr Anglim has a wealth of business development, operations and financial experience.

Mr Wong Nyen Faat, 62, was appointed to the Board as a Non-Executive Director on 9 January 2012. Mr Wong is the Chief Operating Officer of the MUI Group. He also sits on the Board of Pan Malaysia Corporation Berhad, Pan Malaysia Holdings Berhad, Pan Malaysia Capital Berhad, Metrojaya Berhad and Corus Hotels Limited. He previously served as Executive Director of Morning Star Resources Limited in Hong Kong. He holds a First Class Honours Bachelor's degree in Science (Mathematics) with Education from the University of Malaya and a Master's degree in Business Management from the Asian Institute of Management.

Professor Jane Rapley OBE, 73, was appointed to the Board as an Independent Non-Executive Director on 10 January 2018. She is a member of the Audit, Nomination and Remuneration Committees. Professor Rapley's early career was spent in the fashion industry before joining higher education. She led the School of Fashion & Textile Design at Central Saint Martins as its Dean for 19 years. In 2006 she became Head of Central Saint Martins and in 2012 became Pro Vice-Chancellor of the University of the Arts, London. She is currently Professor Emerita of CSM at the University of the Arts, London. During her career, Professor Rapley served on a number of national bodies and was awarded an OBE for services to Higher Education in 2001. Professor Rapley is a charity Trustee of TexSelect and The City & Guilds London Art School and a Governor of The Northern School of Art and advisor to several education and design organisations in Asia.

Mr Leon Yee, 43, was appointed to the Board as an Independent Non-Executive Director on 12 February 2018. He is a member of the Audit and Remuneration Committees and also the Chairman of the Remuneration Committee. Mr Yee is the Chairman and Managing Director of Duane Morris & Selvam LLP, an international law firm. He serves as its Global Head of Corporate and leads the Banking and Finance and Energy Practice Groups. He is also Head of its China Practice Group. Mr Yee has extensive experience in corporate finance, corporate governance, corporate restructurings and joint ventures and also advises on complex financing transactions. Mr Yee is also an Independent Director of Federal International (2000) Limited, a company listed on the Singapore Stock Exchange. Mr Yee holds a Bachelor of Arts (Hons) in Law and Master of Arts from the University of Cambridge. He is an Advocate & Solicitor of the Supreme Court of Singapore and a Solicitor of England & Wales.

Mr David Cook, 54, was appointed to the Board as an Independent Non-Executive Director on 14 November 2018. He is the Chairman of the Audit Committee and a member of the Remuneration Committee. Mr Cook is the Chief Financial Officer of Pirum Systems Ltd. He was the Chief Financial Officer of Musto Ltd from 2009 to 2015. He first joined Laura Ashley Holdings plc in 1999 and held various financial positions including Chief Financial Officer from 2002 to 2006, Finance Director and main Board member from 2006 to 2008. Prior to 1999, he worked in both public practice as an auditor and in private companies as Finance Director. Mr Cook is a member of the Institute of Chartered Accountants in England and Wales, with extensive financial and commercial experience within PLC and Private Equity backed environments.

Directors' interests

As disclosed in note 31 to the financial statements and the Executive Directors' service contracts, none of the Directors has, or have had during the financial year, a material interest in any contract of significance relating to the business of the Company or its subsidiaries. None of the Directors has any interest in the issued share capital of the Company.

Directors' indemnity

The Group maintains Directors and Officers liability insurance, which gives appropriate cover against any legal action that may be brought against them.

Auditor

The Group appointed UHY Hacker Young LLP as auditors on 9 May 2018. A resolution proposing the re-appointment of UHY Hacker Young LLP as auditors to the Company and to authorise the Directors to determine the audit fee will be put to the forthcoming AGM.

Disclosure of information to auditor

In the case of each of the Directors who were Directors at the date this Report was approved:

- So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- Each of the Directors has taken all the steps that he or she ought to have taken, as a Director, in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Communications

The Company places a great deal of importance on communication with its shareholders. The Company publishes concise financial statements for its half-year results and a full report for its full year results. Shareholders may elect to receive both reports by mail or to receive notification of their availability on the Company's website at www.lauraashley.com. Shareholders also have direct access to the Company via its free shareholder information telephone service (see page 79).

All shareholders have the opportunity to ask questions and make suggestions at the Company's AGM.

Significant interests

The Directors are not aware of any other interest amounting to 3% or more of the issued share capital of the Company other than those listed below, as disclosed to the Company pursuant to the Disclosure and Transparency Rules.

As at 4 September 2019	Number of Ordinary Shares	Percentage of issued Share Capital[3]
MUI Asia Limited	255,938,185	35.17%
ABB Nominee (ASING) Sdn Bhd[1]	108,725,000	14.94%
Bonham Industries Limited[2]	79,120,822	10.87%
Goldman Sachs Securites (Nominees) Limited	35,220.76	4.84%

[1] Bonham Industries Limited has granted a charge over 108,725,000 ordinary shares in favour of ABB Nominee (ASING) Sdn. Bhd. Bonham Industries Limited remains the beneficial owner of all of the ordinary shares which are subject to the charge.

[2] KKP Holdings Sdn. Bhd., Soo Lay Holdings Sdn. Bhd. and Tan Sri Dr Khoo Kay Peng are each interested in these shares.

[3] Excluding 18,272,500 treasury shares.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report on pages 7 to 15. The financial position of the Group, its cash flows and liquidity position are also set out in the Group Strategic Report on pages 7 to 15 and its borrowing facilities are described in note 36.

The Group will meet its day-to-day working capital requirements through an asset based lending facility of up to £20m. The impact of the current economic conditions in the retail sector, particularly with respect to the level of demand for the Company's products, the exchange rate between Sterling and the US Dollar, and hence the effect on cost of sales, and the availability of bank finance in the foreseeable future are considered as primary risks. These will require careful monitoring and management by the Group.

The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group will be able to operate within the level of its current lending facility.

The Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the next twelve months and continue to consider it appropriate to prepare the financial statements on a going concern basis.

Other disclosures

Listing Rules 9.8.4 prescribes specific information to be included in the Annual Report and Accounts. The information required is provided or cross-referenced to other sections of the Annual Report as follows.

Details of the Executive Directors' long-term incentive scheme are available in the Directors' Remuneration Report on page 27.

The Group has entered into a Continuing Relationship Agreement with the largest shareholder, details of which can be found within the Report on Corporate Governance on page 22.

Details of the Directors' interests in the shares of the Company are available within the Directors' Remuneration Report on page 28.

Details of significant interests in the Company are available within the Directors' Report on page 19. No changes in significant interest have been disclosed to the Company between the financial year-end and 4 September 2019.

The Directors have provided a statement that they consider the business is a going concern in the section above.

At the AGM held in October 2018, The Company was authorised by shareholders to make market purchases of up to 10% of its issued share capital as permitted under the Company's Articles. No shares have been bought back under this authority during the year ended 30 June 2019. The authority expires at the conclusion of the 2019 AGM of the Company when the Directors will seek to renew this authority.

Details of how the Group has applied the Main Principles of the UK Corporate Governance Code are available in the Report on Corporate Governance, pages 22 to 26.

Details of Directors proposed for election or re-election are provided on page 17 within the Director's Report.

Statement of Directors' responsibilities

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 the law, the Directors have elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year, and of the total statement of comprehensive income, statement of financial position and cash flows of the Group for that period. In preparing these 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 IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Group and Parent Company Financial Statements respectively; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect 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. The Directors are aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors will be advised by the Company Secretary of any new requirements and provisions as they come into force. The Directors believe that compliance with regulatory requirements will complement their overall duty to ensure the success of the Company in meeting its objectives.

The Directors consider that the Annual Report and Financial Statements for the year ended 30 June 2019, taken as a whole, to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Directors' responsibility statement pursuant to the Disclosure and Transparency Rules, Section 4 (DTR 4)

Each of the Directors confirms to the best of their knowledge that:

(a) The Group and Company financial statements in this Report which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the Group taken as a whole; and

(b) A fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face have been set out in the Strategic Report.

Annual General Meeting

You will find enclosed a Form of Proxy for use by each shareholder at the AGM. Whether or not you intend to be present at the meeting, you are requested to complete and sign the Form of Proxy in accordance with the instructions thereon, and to return it as soon as possible but, in any event, so as to arrive at the Company's Registrars by 10.30am on 28 October 2019. The completion and return of a Form of Proxy will not preclude you from attending the AGM and voting in person should you so wish.

By Order of the Board

Fong Sai Hup
Company Secretary
6 September 2019

Report on Corporate Governance

Compliance

The Board endorses the UK Corporate Governance Code (the "Code"). During the financial year ended 30 June 2019, the Group has complied with the provisions set out in the Code, except to the extent disclosed below.

The Board

The Board comprises five Non-Executive Directors, including the Chairman, and two Executive Directors being the Chief Executive Officer and Finance Director of the Group. As noted below, two other Directors served during the period.

The Board has at least five scheduled meetings a year, but meets more frequently when business requires, and has full and timely access to all relevant information to enable it to carry out its duties.

The Board is responsible for the overall performance of the Group, which includes the broad strategic direction, development and control of the Group. The policies and strategies of the Group are formulated by the Board. More detailed considerations to do with the running of the day-to-day business of the Group are delegated to the Management Committee under the leadership of the Chief Executive Officer. The Board governs the Management Committee by regularly monitoring the implementation of strategy and policy decisions to ensure that the operation of the Group is at all times in line with the Group's objectives.

The Board has regular contact with the Company Secretary for his service and advice. The Company Secretary is responsible for advising the Board on corporate governance matters and ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board decides on the appointment and removal of the Company Secretary. The Board also has access to professional advice within the Group and externally. The Group purchases appropriate insurance cover in respect of legal action against its Directors and Officers.

The Chairman's main function is to manage the Board so that the Group is run in the best interests of its stakeholders. It is also the Chairman's responsibility to ensure the Board's integrity and effectiveness.

Non-Executive Directors/Board independence

The Group is fortunate in having the services of its Non-Executive Directors who provide an important contribution to the strategic development of the Group.

The Non-Executive Directors have access to the Chairman if they wish to discuss specific issues regarding the performance of the Executive Directors. Where required, meetings between Non-Executive Directors without the presence of the Chairman or the Executive Directors can be easily convened.

The Group has three independent Non-Executive Directors on the Board in compliance with the Code. Mr David Cook, Professor Jane Rapley and Mr Leon Yee are independent Non-Executive Directors and the Board is of the view that they are able to provide an independent view on matters discussed and decisions taken at Board level. Mr David Cook is the Senior Independent Director of the Group.

As part of a subscription exercise that was undertaken in May 1998, a Continuing Relationship Agreement was entered into between the Group, Malayan United Industries Berhad ("the MUI Group") and MUI Asia Limited (a 100% subsidiary of the MUI Group). The Board confirms that the Company has complied with the Continuing Relationship Agreement and, so far as they are aware, the controlling shareholders have also complied with the Continuing Relationship Agreement. The Continuing Relationship Agreement gives the MUI Group the right to appoint Directors to the Board. The MUI Group is currently entitled to appoint three Directors and their replacements. Mr Andrew Khoo Boo Yeow and Mr Wong Nyen Faat are the current MUI appointed Directors.

Directors' elections

Any new Director appointed during the financial year is required, under the provisions of the Company's Articles, to retire and seek election by shareholders at the next AGM. The Articles also requires that one-third of the Directors retire by rotation each year and seek re-election at that AGM. The Directors required to retire will be those in office longest since their previous re-election and this will usually mean that each Director retires at least once in every three years, although there is no absolute requirement to this effect. In order to fully comply with the Code, the Directors submit themselves for re-election at least once in every three years, wherever possible.

Directors' powers

As resolved at last year's AGM, the Directors have the power to allot shares with an aggregate nominal value up to an amount equal to £3,730,176.84 representing 10% of the issued share capital of the Company as if Section 561(1) of the Companies Act 2006 did not apply to such allotment. No shares have been allotted under this authority during the year ended 30 June 2019 and this authority expires at the conclusion of the 2019 AGM of the Company when the Directors will seek new authority from the shareholders at the 2019 AGM. The directors will also seek authority to disapply pre-emption rights at the 2019 AGM in respect of a sale of treasury shares or the allotment of equity securities: (i) with an aggregate nominal value of up to, but not exceeding, 5% of the issued share capital of the Company as at 6 September 2019; and (ii) the allotment of equity securities in connection with a rights issue, open offer or otherwise to ordinary shareholders pro rata subject to certain conditions. Both authorities, unless previously renewed, varied or revoked will expire on the date falling fifteen months after the passing of the resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2020. However, the Directors may allot securities after the expiry dates specified above in pursuance of offers or agreements made prior to the expiration of these authorities.

In summary, these two resolutions grant the Directors the authority to allot shares for cash to a limited and defined extent otherwise than pro rata to existing shareholders. The Directors do not have plans to exercise these powers, but companies in general do seek these powers from the shareholders to enable the Directors to take advantage of opportunities, which may arise on short notice. The proposed resolutions are recommended by the Board. In addition, the Directors have the power to make market purchases of the Company's shares up to 10% of the issued share capital of the Company.

Directors' meeting attendance

The attendance of Directors at meetings convened between 1 July 2018 and 30 June 2019 is set out below:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings	
	Number of Meetings Convened	Number of Meetings Attended	Number of Meetings Convened	Number of Meetings Attended	Number of Meetings Convened	Number of Meetings Attended	Number of Meetings Convened	Number of Meetings Attended
Mr Andrew Khoo Boo Yeow*	7	7	5	2	2	1	2	2
Mr Ng Kwan Cheong	7	7	–	–	–	–	–	–
Mr Seán Anglim	7	7	–	–	–	–	–	–
Mr Wong Nyen Faat**	7	6	5	1	–	–	–	–
Prof Jane Rapley †	7	7	5	5	2	2	2	2
Mr Leon Yee †	7	7	5	4	2	2	2	2
Mr David Cook *** †	7	5	5	3	–	–	–	–
Tan Sri Dr Khoo Kay Peng****	7	2	–	–	2	0	2	0
Mr David Walton Masters**** †	7	1	5	1	2	0	2	0

* Mr Andrew Khoo Boo Yeow resigned as a member of the Audit Committee on 31 March 2019 and as a member of the Remuneration Committee on 14 April 2019.

** Mr Wong Nyen Faat resigned as a member of the Audit Committee on 8 November 2018.

*** Mr David Cook was appointed as Non-Executive Director on 14 November 2018.

**** Tan Sri Dr Khoo Kay Peng resigned as Non-Executive Chairman and Director on 13 December 2018. Mr David Walton Masters resigned as Independent Non-Executive Director on expiration of his term 16 October 2018.

† Independent Director

The Directors who will be seeking re-election at the AGM this year have had their performance appraised by the Chairman of the Company, who believes that these persons have contributed effectively to the Board and are committed to the best interests of the Company.

Board performance evaluation

During the year ended 30 June 2019, the Board undertook an evaluation of its own performance and its individual Directors including the Chairman.

The results of the evaluation were satisfactory. It was concluded that the Board and its Committees, having the right mix of knowledge and skills, operated effectively with a sound corporate governance and risk management framework. The Board communicated well and gave useful feedback to the senior management of the Group who, in turn, provided timely information of the right length and quality to the Board. The Board members also agreed that the Board and Committee meetings were of the appropriate length to enable thorough consideration of issues.

Board committees

The Board has delegated specific responsibilities to the Audit, Nomination and Remuneration Committees. The Board considers that all of the members of each Committee have the appropriate experience and none of them has interests which conflict with their positions on the Committees. All Board Committees have their own terms of reference which are available upon request.

Nomination Committee

The Nomination Committee, the membership and quorum of which is a majority of Non-Executive Directors, meets as required to decide and give recommendations to the Board on all matters relating to the selection, number, appointment and removal of Executive and Non-Executive Directors. The recommendations of the Nomination Committee are put to the full Board which considers them before any appointment is made. Mr Andrew Khoo Boo Yeow is the Chairman of the Nomination Committee. The members of the Nomination Committee during the financial year were Tan Sri Dr Khoo Kay Peng (Chairman), Mr Andrew Khoo Boo Yeow, Professor Jane Rapley and Mr Leon Yee. Professor Jane Rapley and Mr Leon Yee are independent Non-Executive Directors. Tan Sri Dr Khoo Kay Peng was the Chairman until his resignation on 13 December 2018. The Nomination Committee ensures that the Group has adequate policies and procedures in place to maintain equality of opportunity for all.

Remuneration Committee

The Remuneration Committee meets at least once a year and is responsible for advising on the remuneration policy for Directors. The Remuneration Committee considers any remuneration package before it is offered to a potential appointee. It does not set or monitor the level or structure of remuneration for members of senior management. Mr Leon Yee is the Chairman of the Remuneration Committee. The members of the Remuneration Committee during the financial year were Tan Sri Dr Khoo Kay Peng (Chairman), Mr David Walton Masters, Mr Andrew Khoo Boo Yeow, Mr Leon Yee and Professor Jane Rapley. Mr Leon Yee and Professor Jane Rapley are independent Non-Executive Directors. Tan Sri Dr Khoo Kay Peng was the Chairman until his resignation on 13 December 2018. Mr David Walton Masters and Mr Andrew Khoo Boo Yeow were members until their respective resignation on 16 October 2018 and 14 April 2019. The Chairman lends his considerable managerial and sector expertise to the Committee.

Details of the level and composition of the Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 27 to 34.

Audit Committee

The Audit Committee has five scheduled meetings a year. The Chief Executive Officer, Finance Director/Joint Chief Operating Officer, Internal Audit Manager and the Company's external auditor attend the meetings of the Committee at the invitation of the Committee's Chairman. Mr David Cook is the Chairman of the Committee.

The members of the Audit Committee during the financial year were Mr David Walton Masters (Chairman), Mr Wong Nyen Faat, Mr Andrew Khoo Boo Yeow, Professor Jane Rapley, Mr Leon Yee and Mr David Cook. Mr David Walton Masters was the Chairman until his resignation on 16 October 2018. Mr Wong Nyen Faat and Mr Andrew Khoo Boo Yeow were members of the Committee until their respective resignations on 8 November 2018 and 31 March 2019. Mr David Cook, Professor Jane Rapley and Mr Leon Yee are independent Non-Executive Directors. These Directors have been chosen for their recent and relevant corporate, financial and retail sector experience.

The Audit Committee undertakes a number of duties to ensure the satisfactory discharge of its responsibilities. It is the duty of the Committee to ensure that the integrity of the financial statements of the Company is duly monitored. This involves the review of all financial statements relating to the Company's performance. It assists the Board in ascertaining that the Group's financial systems provide accurate information on its financial performance and that its published financial statements represent a true and fair reflection of this position. During the review of the financial statements, the Committee focused on the following significant areas. They were discussed and addressed with the management and external auditors, and no significant differences arose.

a. During the period the Committee reviewed the pension scheme funding position and the actuarial assumptions underlying the calculations. The Group's statement of financial position shows a net deficit of £15.1 million, compared with the net deficit of £11.1 million in the previous year. The Committee was satisfied that the assumptions were reasonable and consistently applied.

b. During the period the Committee reviewed the need for general accounting estimates, including those in respect of stock valuation, sales returns rates, royalty income, onerous leases and dilapidations with reference to what is generally considered appropriate for the retail sector. The Committee was satisfied that the estimates remain appropriate and reasonable.

The Committee is aware of the new IFRS 16 'Leases' accounting standard which is due for implementation for accounting periods commencing on or after 1 January 2019. The standard requires lessees to account for all leased assets as finance leases. As the Group has significant operating lease expenditures, adopting the standard is likely to have a material impact on the accounts by increasing both assets and liabilities. The undiscounted amount of future lease commitments as at 30 June 2019 was £74.2 million. The Board will continue to assess the impact that this new Standard is likely to have on the balance sheet.

The Committee is also responsible for regularly reviewing the effectiveness of the Group's internal controls. The Committee has dialogues with the Internal Audit Manager and is involved in the assessment and implementation of any internal audit plan.

The Committee has the primary responsibility for making a recommendation to the Board on the appointment, re-appointment and removal of the external auditor. In making the recommendation for re-appointment, the Audit Committee will assess cost effectiveness, independence and objectivity of the external auditor. The Board will include a resolution in the next AGM proposing re-appointment of the external auditor and authorising the Board to determine the audit fee. The Audit Committee has considered the guidance in relation to rotation including the transition rules which will be considered when recommending the appointment of the auditor in future years. UHY Hacker Young LLP was appointed as auditor on 9 May 2018. Mr Martin Jones is the individual lead audit engagement partner. During the period ended 30 June 2019, the Group's external auditor provided non-audit services to the Group. The fees paid for these services were £1,500 for the interim accounts review and £1,500 for assisting with the responses to the Financial Reporting Council on their review of the 2018 annual report. The appointment of the external auditor will be reviewed on an annual basis.

The Committee meets regularly with the external auditor to discuss matters relating to the financial reporting and internal controls of the Group as well as topical items on which the Committee has chosen to focus. It also assists the Board in ensuring that appropriate accounting policies, internal controls and compliance procedures are in place. During the period under review, specific issues considered by the Committee included the key audit matters identified by the external auditors (covered in their audit report on pages 35 to 41). The effectiveness of the Group's external auditor is assessed through discussions with the internal finance team focussing on the quality of the external audit team, audit planning, reports and interaction of the external auditor with the internal finance team during the audit process. The Committee is satisfied that UHY Hacker Young LLP possesses the experience and skills required to fulfil its duties efficiently and effectively.

The Audit Committee Chairman reports to the Board on the main issues arising from any Audit Committee meeting held prior to a Board meeting. The finalised Audit Committee meeting minutes are circulated to Board members for their information.

Internal control

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system 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.

The Board confirms that it has carried out a review of the effectiveness of the Group's systems of internal controls covering financial, operational and compliance controls.

The Board monitors the headline issues of health and safety, environment, ethics and risk management.

The Directors have sought to establish clear operating procedures, lines of responsibility and delegated authority. In particular, procedures exist for:

- Monthly financial reporting, within an annual budgeting and annual forecasting process;
- Maintaining day-to-day financial control of operations within a framework of defined financial policies and procedures on key business activities;
- Business wide risk management policy and standards;
- Planning, approving and monitoring major projects; and
- Regular performance monitoring with remedial action taken where necessary.

In addition, the Board also takes the necessary steps to ensure that reviews are carried out on the various systems of internal control that are currently in place throughout the Group. The Group has a whistle-blowing policy in place, which has been communicated to all Group employees. This policy enables employees to raise any concerns that they have, in confidence, on methods of financial reporting or on any other matters.

At regular intervals, both the Board and the Audit Committee consider a risk management update report, which gives an assessment on whether internal control elements for risk management have been met. The Board believes that the information provided in such updates is in accordance with Internal Control and related Financial and Business Reporting.

Necessary actions are taken to remedy significant failings or weaknesses arising from internal control reviews.

Relations with Shareholders

The Company continues to maintain good communications with shareholders. The Laura Ashley website provides up-to-date information on the Group. The Company despatches the Notice of AGM at least 21 days before the meeting.

The Board considers the AGM to be an opportunity to meet and communicate with investors, giving shareholders the opportunity to raise any issues or concerns they may have. The Chairmen of the Audit, Nomination and Remuneration Committees will be available at the AGM to answer any queries raised. In accordance with the provisions of the Code, the Company will provide an indication at the AGM of the level of proxies lodged on each resolution. Registered shareholders have direct access to the Company and receive a copy of the Annual Report, which contains the full financial statements of the Company. At the Company's AGM, shareholders are given the opportunity to express their views and ask questions pertaining to the Company and its businesses.

Directors' Remuneration Report

Remuneration Committee Chairman's Statement

On behalf of the Board, I am pleased to present our Directors' Remuneration Report for the year ended 30 June 2019. Shareholders will be invited to approve the Remuneration Report for the year ended 30 June 2019 (which will be a non-binding advisory vote) at the Company's AGM on 30 October 2019.

The Directors' Remuneration Report has been prepared on behalf of the Board by the Remuneration Committee in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

Membership of the Remuneration Committee comprises entirely Non-Executive Directors. The current members of the Remuneration Committee are Mr Leon Yee (Chairman of the Remuneration Committee), Professor Jane Rapley and Mr David Cook. Mr David Walton Masters, Tan Sri Dr Khoo Kay Peng and Mr Andrew Khoo Boo Yeow served during the period and up to their respective resignations on 16 October 2018, 13 December 2018 and 14 April 2019.

The Remuneration Committee determines the remuneration of each Director. During the year ended 30 June 2019, the Remuneration Committee considered that the level of remuneration of Board members was satisfactory.

It is envisaged that the remuneration components for Executive Directors for the period ending 30 June 2020 will be very similar to those in place for the year ended 30 June 2019, as shown in the components table on page 31. The number of meetings of the remuneration committee and individual attendance by Directors are shown on page 23 (Report on Corporate Governance).

On behalf of the Board,

Leon Yee
Chairman
6 September 2019

Directors' Remuneration

The 'single figure' table below represents the Directors' remuneration during the period ended 30 June 2019 and period ended 30 June 2018 and relates to the period of each Director's membership of the Board. Such emoluments are normally paid in the same financial year, except for bonus payments, which relate to the previous financial year.

	Salaries & Fees		Benefits[1]		Annual Bonus		Long Term Incentive		Pension Benefits [2]		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019*	2018*	2019*	2018*
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Executive Directors												
Mr Ng Kwan Cheong	**185**	185	**46**	46	–	–	–	–	**19**	19	**250**	250
Mr Seán Anglim	**125**	59	**11**	4	–	–	–	–	–	11	**136**	74
Sub-total	**310**	244	**57**	50	–	–	–	–	**19**	30	**386**	324
Non-Executive Directors												
Mr Andrew Khoo Boo Yeow	**128**	14	–	–	–	–	–	–	–	–	**128**	14
Mr Wong Nyen Faat	**30**	30	–	–	–	–	–	–	–	–	**30**	30
Prof Jane Rapley	**40**	14	–	–	–	–	–	–	–	–	**40**	14
Mr Leon Yee	**40**	12	–	–	–	–	–	–	–	–	**40**	12
Mr David Cook	**29**	–	–	–	–	–	–	–	–	–	**29**	–
Tan Sri Dr Khoo Kay Peng[3]	**90**	200	–	–	–	–	–	–	–	–	**90**	200
Mr David Walton Masters[3]	**15**	50	–	–	–	–	–	–	–	–	**15**	50
Ms Kwa Kim Li[3]	–	6	–	–	–	–	–	–	–	–	–	6
Ms Sally Kealey[3]	–	3	–	–	–	–	–	–	–	–	–	3
Sub-total	**372**	329	–	–	–	–	–	–	–	–	**372**	329
Total*	**682**	573	**57**	50	–	–	–	–	**19**	30	**758**	653

[1] Benefits paid to Mr Ng Kwan Cheong, CEO, include a car allowance, housing allowance and private medical. Benefits paid to Mr Seán Anglim, include a car allowance and private medical.

[2] Mr Ng Kwan Cheong receives a pension benefit equivalent to 10% of basic salary paid to his nominated private pension scheme.

[3] Tan Sri Dr Khoo Kay Peng, Mr David Walton Masters, Ms Kwa Kim Li and Ms Sally Kealey were the directors until their respective resignations on 13 December 2018, 16 October 2018, 6 September 2017 and 10 August 2017.

*Figures are rounded to the nearest £1,000.

Payments to Past Directors

No payments were made during the year ended 30 June 2019 (2018: nil) to any past Directors of the Company.

Payments for Loss of Office

Tan Sri Dr Khoo Kay Peng and Mr David Walton Masters resigned as Non-Executive Directors during the year ended 30 June 2019. Ms Sally Kealey and Ms Kwa Kim Li resigned as Non-Executive Directors during the year ended 30 June 2018. No payments in respect of compensation for loss of office were paid to, or were receivable by any Director (2018: nil).

Directors' Shareholdings

There is no requirement for any Director to own shares in the Company.

Mr Andrew Khoo Boo Yeow, Mr Ng Kwan Cheong, Mr Seán Anglim, Mr Wong Nyen Faat, Professor Jane Rapley, Mr Yeon Lee, and Mr David Cook did not have any interest in the issued share capital of the Company at any time during the financial year.

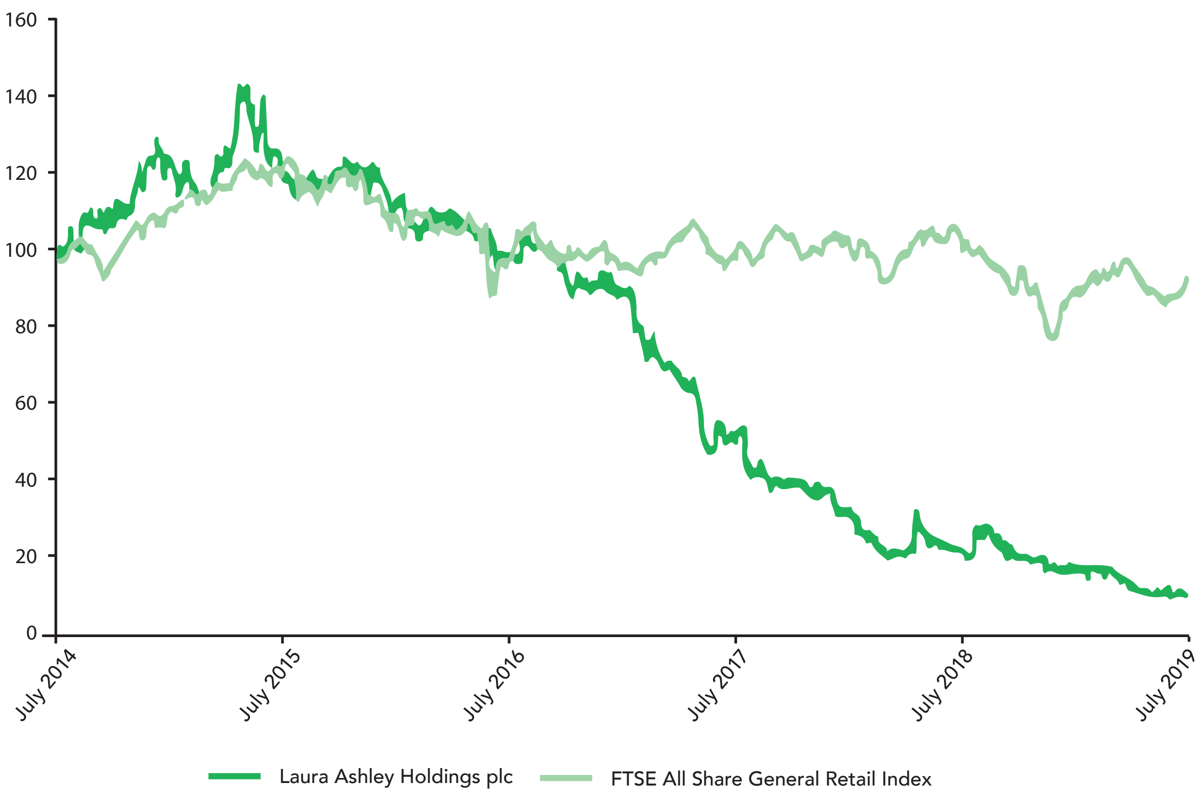
Audited Information

Details of the remuneration and Directors' shareholding interests for the financial year ended 30 June 2019 disclosed on page 27 and above have been audited by the Group's external auditor including payments to past Directors and payments for loss of office.

Total Shareholder Return

The graph below illustrates the Company's performance, measured by total shareholder return, compared with the performance of the FTSE General Retailer Index for the period 31 July 2014 to 31 July 2019. The FTSE 350 General Retailers Index is a suitable comparative index to benchmark the Company's performance because it comprises public-listed entities that the Company considers as its direct and indirect competitors in the industry.

Total Shareholder Return Performance



The above graph shows the value, by 30 June 2019, of £100 invested in Laura Ashley Holdings plc on 31 July 2014 compared with the value of £100 invested in the FTSE All-Share General Retailers Index, and assuming application of any benefit in cash, at the time it becomes available, in the purchase at their market value of shares of the same kind which are added to the holding.

Table of historical data

Year	Chief Executive Officer	Total Remuneration £000*	Annual bonus payout £000*	Annual bonus payout as a % of total that could have been paid[3]
2019	Mr Ng Kwan Cheong[1]	250	–	–
2018	Mr Ng Kwan Cheong	250	–	–
2017	Mr Ng Kwan Cheong	250	–	–
2016	Mr Ng Kwan Cheong[2]	354	–	–
2015	Mr Ng Kwan Cheong	250	–	–
2014	Mr Ng Kwan Cheong	250	–	–

[1] Remuneration received during the period ended 30 June 2019 includes a car allowance, housing allowance, pension benefit and private medical.

[2] Remuneration received during 17 month financial period from 1 February 2015 to 30 June 2016.

[3] The Company did not have a long-term incentive plan or formal bonus scheme in place during the seven-year period reported on above. Any bonus payments were determined at the discretion of the Remuneration Committee.

* All figures are rounded to the nearest £1,000.

Percentage Change in Remuneration of Chief Executive Officer

The table below shows the percentage change in annual salary, benefits and annual bonus earned between the year ended 30 June 2018 and the year ended 30 June 2019 for the Chief Executive Officer compared to the average paid to all Laura Ashley employees each year.

	Salary[1] %	Benefits %	Annual Bonus %
Chief Executive Officer	–	0.08[2]	–
Employees – non-minimum wage	3.25	14.23[3]	–
Employees – minimum wage	4.80	44.65[3]	–

[1] Salary is an average based on the increases in the National Living Wage for those over 25 and the National Minimum Wage in April 2018.

[2] The benefits have increased due to an increase in private medical expenses and premiums.

[3] The benefits have increased due to an increase in the auto-enrolment pension contributions.

Relative Importance of Spend on Pay

The table below shows the total pay for all employees compared with distributions to shareholders.

	Year ended 30 June 2019 £m	Year ended 30 June 2018 £m	Change %
Employee costs[1]	49.4	51.4	(3.9)
Ordinary dividends	–	–	–

[1] Total employee costs includes wages and salaries, social security costs, benefits and pension costs.

Statement of Voting at AGM

The table below shows the percentage of votes cast for, votes against and votes withheld at the AGM held on 16 October 2018, in relation to the ordinary resolutions to approve the Directors' Remuneration Report for the period ended 30 June 2018.

	Percentage of Votes cast for	Percentage of Votes Against	Number of Votes Withheld
Directors' Remuneration Report	99.92%	0.08%	455,119

Main components of remuneration

The main components of Executive Directors' remuneration for the period from 19 October 2017 and beyond (the Policy period), as well as for the period ended 30 June 2019, are summarised in the table below:

Component	Purpose and link to strategy	Operation (including maximum levels)	Framework used to assess performance and provisions for recovery of sums paid
Base salary	The provision of the core reward for the role at a sufficient level to attract and retain skilled individuals of the necessary calibre to execute the Group's strategy.	Base salaries are normally reviewed annually. Salaries are typically set after considering information from independent sources on salary levels for similar posts, the responsibilities of the role, the individual's performance and their experience. Pay awards to Executive Directors take account of prevailing market and economic conditions. Salaries may be adjusted and any increase will ordinarily be in line with the wider employee group in percentage terms. Increases above those granted to the wider workforce may be awarded in certain circumstances, e.g. where there is an increase in responsibility and performance. The salary level for the Chief Executive Officer for the financial period ended 30 June 2019 (1 July 2018 – 30 June 2019) was £185,000 (2018: £185,000). The salary level for the Finance Director for the financial period ended 30 June 2019 (1 July 2018 – 30 June 2019) was £125,000; (10 January 2018 – 30 June 2018: £59,000).	The Remuneration Committee considers individual salaries at the appropriate Remuneration Committee meeting each year after having due regard to the factors noted in operating the salary policy. No recovery provisions apply to salary.

Component	Purpose and link to strategy	Operation (including maximum levels)	Framework used to assess performance and provisions for recovery of sums paid
Benefits	Benefits are offered to Executive Directors as part of a competitive remuneration package.	Benefits comprise private medical expenses, housing allowance and car allowance. The cost to the Company of providing private medical expenses may change from year to year depending on the cost of providing the benefit. The Chief Executive Officer received a car, a housing allowance and pension contributions totaling £65,000 for the period ended 30 June 2019 (1 July 2018 – 30 June 2019) (2018: £65,000). He also received medical benefits. The Finance Director received a car allowance of £8,500 for the period ended 30 June 2019 (1 July 2018 – 30 June 2019); (10 January 2018 – 30 June 2018: Car allowance and pension contributions: £15,000). He also received medical benefits.	Not applicable. No recovery provisions apply to benefits.
Annual Bonus	The annual bonus rewards the achievement of annual financial and operational goals.	Maximum opportunity is 100% of salary for Executive Directors payable in cash. All bonus payments are at the discretion of the Committee.	Bonuses are based on key financial and operational performance indicators (e.g. profit before tax) set and assessed by the Committee at its discretion. Bonus payments are subject to recovery at the discretion of the Remuneration Committee in the event of a misstatement of results for the year to which the bonus relates, or an error in the determination of the bonus within three years of the payment of the bonus.
Incentive schemes	To incentivise and realise execution of the business strategy over the longer term. Rewards strong financial performance and sustained increase in shareholder value.	Incentive schemes are not considered appropriate for the Company	Not applicable. No recovery provisions are applicable.

Component	Purpose and link to strategy	Operation (including maximum levels)	Framework used to assess performance and provisions for recovery of sums paid
Pension benefit	To reward sustained contribution and encourages retention.	Executive Directors are offered a fixed salary supplement, calculated as a percentage of base salary, payable to a nominated private pension scheme.	Not applicable. No recovery provisions apply to pension benefits.

The Remuneration Committee sets the overall policy on remuneration and other terms of employment of Directors. It does not set or monitor the level or structure of remuneration for members of senior management. The Remuneration Committee aims to ensure that the remuneration packages offered are competitive and designed to attract, retain and motivate Directors of the right calibre.

Remuneration for Non-Executive Directors consists of fees for their services in connection with Board and Committee meetings. These fees are to be determined by the Remuneration Committee without the involvement of the Non-Executive Directors concerned. Non-Executive Directors do not participate in any Group pension, bonus or share option schemes.

The Remuneration Committee takes account of remuneration and benefits information in the marketplace when assessing pay and benefits of the Directors within the Group. The Remuneration Committee also considers general pay, benefits and employment conditions of all employees within the Group when assessing the level of salaries and remuneration packages of Executive Directors and Non-Executive Directors.

When appointing new Executive Directors, they will be considered for the same remuneration components as current Executive Directors, where practical, as set out in the Main Components of Remuneration table on page 31.

All bonus payments are awarded at the discretion of the Remuneration Committee.

On appointment, new Non-Executive Directors will be considered for the same remuneration components as the current Non-Executive Directors where practical. The fees paid are intended to reflect the scope of the Board's work and the responsibility related to serving on the Board.

Service Contracts / Letters of Appointment for Directors:

a. Non-Executive Directors do not have service contracts with the Company, but have letters of appointment for a period of two to three years.

b. The Company is obliged to reimburse all Non-Executive Directors for all reasonable expenses and independent legal advice incurred in carrying out their duties.

c. The Company is obliged to ensure that all Non-Executive Directors are covered with appropriate liability insurance during their tenure.

d. The Company recognises that its Directors are likely to be invited to become Non-Executive Directors of other companies and that exposure to such non-executive duties can broaden their experience and knowledge which will benefit the Group. Executive and Non-Executive Directors are therefore, subject to approval of the Company's Board, allowed to accept non-executive appointments, as long as these are not with competing companies and are not likely to lead to conflicts of interest. Executive and Non-Executive Directors are allowed to retain the fees paid.

Payments for loss of office

The Company is entitled to terminate the services of any Non-Executive Director without any notice period and the services of any Executive Director with three (3) months' notice. In that event, the Non-Executive Director or Executive Director is not entitled to any damages for loss of office and no fee will be payable in respect of any unexpired portion of the term of appointment in question. There is no pre-determined compensation on termination of the service contracts of any Executive Director.

Loss of office payments and their component parts are determined and awarded at the discretion of the Committee.

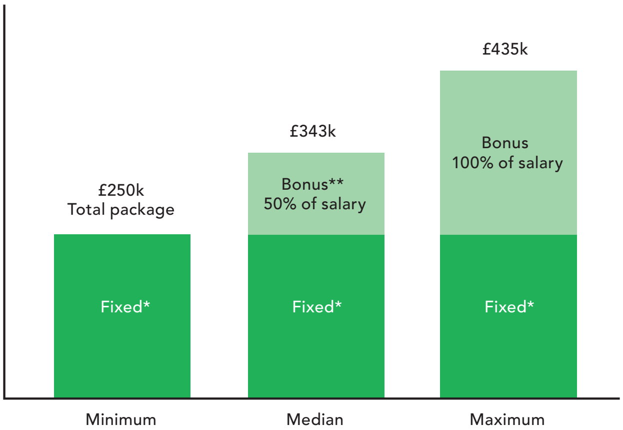
Unexpired Service Contract

Mr Ng Kwan Cheong will offer himself for re-election as Director at the forthcoming AGM of the Company. Mr Ng's service contract expires on 4 July 2020.

Value of the remuneration package for the Chief Executive Officer

The chart below provides an indication of the amount receivable by the Company's Executive Directors under the remuneration policy for the period ended 30 June 2019.

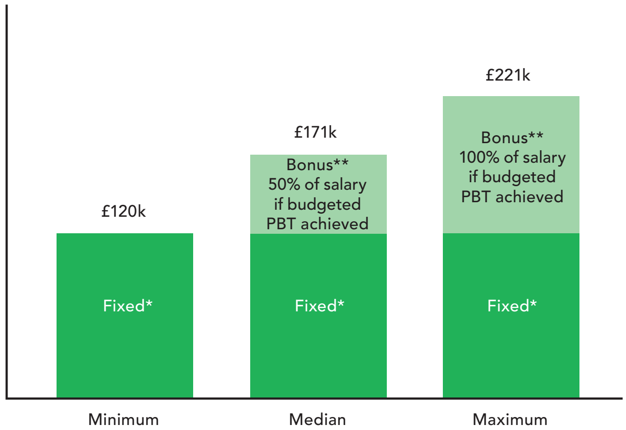
Chief Executive Officer



* Fixed remuneration includes base salary, cash benefits and pension benefit, and uses the values for 2018/19, as shown in the 'single figure' table on page 27.

**Bonus is awarded at the discretion of the Remuneration Committee.

Executive Director



* Fixed remuneration includes base salary, cash benefits and medical benefits.

**Bonus is earned on the incremental increase in profit before tax, excluding exceptional items. Bonus is awarded at the discretion of the Remuneration Committee.

Consideration of employment conditions elsewhere in the Group

When determining the remuneration policy and arrangements for Directors, the Remuneration Committee considers the pay and employment conditions elsewhere in the Group. The Remuneration Committee does not consult with employees when drawing up the Remuneration Policy and no remuneration comparison measurements were used in its preparation.

Consideration of shareholder views

Any views in respect of Directors' remuneration expressed to the Company by shareholders are considered at each meeting convened by the Remuneration Committee.

Resolutions

A resolution to approve the Directors' Remuneration Report will be put forward to shareholders at the AGM on 30 October 2019.

On behalf of the Board,

Leon Yee
Chairman of the Remuneration Committee
6 September 2019

Independent Auditor's Report

to the members of Laura Ashley Holdings plc

Opinion

We have audited the financial statements of Laura Ashley Holdings plc (the "Parent Company") and its subsidiaries (the "Group") for the 52 week period ended 30 June 2019 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Cash Flow Statements, accounting policies and the related notes numbered 1 to 37.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 June 2019 and of the Group's loss and cash flows for the period then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Our opinion is consistent with our reporting to the Audit Committee.

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

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- The disclosures in the annual report set out on page 13 that describe the principal risks and explain how they are being managed or mitigated;
- The Directors' confirmation set out on page 12 in the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- The Directors' explanation set out on page 14 in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over their period of assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

In relation to the principal risks and viability statement, our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit (Listing Rules).

Going Concern

In accordance with ISAs (UK), we are required to report if we have anything material to add or draw attention to in respect of the Directors' statement set out on page 19 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We have noting material to add to or to draw attention to in this regard. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 31 October 2019, are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy, particularly within the retail sector.

We are also required to report whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit. We have nothing to report in this regard.

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.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Revenue is recognised in accordance with the accounting policy set out in the financial statements. The accounting policy contains a number of judgements including the level of retail sales returns.	We performed controls testing on the origination of various sources of revenue and related IT systems, and we performed substantive testing to determine whether the accounting policies had been correctly applied, taking into consideration the treatment of returns and gift cards. We tested a sample of transactions between the financial statements and source documents, covering retail, licensing and franchising revenues. We tested the process of reconciliation between cash/card receipts and revenue. The results of our testing were satisfactory. We assessed the appropriateness of the related disclosures in note 1 of the Group financial statements, and consider them to be reasonable.
Recoverability of Trade Receivables As set out in note 22 of the financial statements, there were £2.7m trade receivables overdue at 30 June 2019 and not provided for, of which £2.4m were more than 60 days overdue. The Group's provisioning methodology uses historical loss experience to quantify, on a discounted and probability weighted basis, the cash shortfalls exacted to be incurred in the future.	We performed controls testing on the origination of the underlying customer receivables and related IT systems and have substantively tested the year end receivables balances to which management have applied their provisioning methodology. We tested historical default experience, payment history, recoveries since 30 June 2019 and individual customer credit risks and wider macro-economic factors, being the key drivers to the provision calculated by management. We tested, on a sample basis, whether the performing trade receivables were genuinely performing, in order to obtain evidence that receivables are appropriately recorded. We developed our own independent expectation of the provision amount held against trade receivables, and concluded that the position taken by management was reasonable. The results of our testing were satisfactory. We assessed the appropriateness of the related disclosures in note 22 of the Group financial statements, and consider them to be reasonable.

Inventory valuation Inventory represents a significant asset on the Group's Statement of Financial Position and is carried at the lower of cost and net realisable value ("NRV"). Significant judgement is required to estimate the NRV of old and slow moving stock lines and hence the amount of provision required for slow moving or obsolete inventory.	We tested the inputs to the provision calculation, including the classification of inventory. We considered and challenged the basis and methodology for inventory provisions with a particular focus on the areas for which no provision had been made. We assessed the level and classification of out-of-season inventory at the year end and subsequently. We also assessed discounting of products following the year end to check the reasonableness of the provisions applied at the year end. We reviewed inventory write-offs in the financial period to ensure they are not inconsistent with the key assumptions used in the inventory provision model at the year end. The results of our testing were satisfactory. We assessed the appropriateness of the related disclosures in note 18 of the Group financial statements, and consider them to be reasonable.
Defined benefit pension scheme The Group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including actuarial assumptions; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Having taken professional advice, management estimates these factors in determining the net pension obligation in the statement of financial position.	We reviewed and benchmarked the assumptions used in the valuation of pension scheme liabilities. We performed substantive testing to assess whether the inputs, such as contributions, were correctly accounted for. We obtained and tested supporting information in relation to the scheme assets. The results of our testing were satisfactory. We assessed the appropriateness of the related disclosures in note 30 of the Group financial statements, and consider them to be reasonable.
Store assets and impairment of investment in subsidiaries For stores where there is a risk of lease contracts being onerous, management has recognised an onerous lease provision of £0.5m in the year. The total carrying value of investment in subsidiaries at 30 June 2019 is shown at £48.3m (2018 restated: £73.8m) on the Company's balance sheet. There is a heightened risk of impairment given the performance of the Group and the challenges facing the retail sector in the UK. The carrying value of investment in subsidiaries is particularly judgmental given its dependency on forecasts of revenue growth, contribution margins and required rate of return for the Group's trading subsidiaries.	Our procedures focused on evaluating the appropriateness of the revenue forecasts and operating cash flows included in the impairment models. We carried out the following procedures: • We obtained the Company's impairment models and gained an understanding of key assumptions and judgments underlying the models. • We assessed the impairment models for consistency with the prior year and determined whether any significant changes to the model were appropriate. • We challenged the reasonableness of the key assumptions including those driving the cash flows underpinning the analysis. This included comparing historical forecasts against actual results, comparing forecast growth to business plans approved by the Board and benchmarking the discount rate against companies of a similar nature. • We performed sensitivity analysis on revenue growth assumptions to assess the impact on forecasted cash flows. We agreed the onerous lease charge of £0.5m and impairment charge of £25.5m (2018 restated: £25.9m), including the prior year adjustment, recognised in relation to the Company's investment to management's assessment (note 16). The results of our testing were satisfactory.

Going Concern

The financial statements have been prepared on a going concern basis as discussed in the "Accounting Policies" section.

The Group has made substantial losses this year, but has also reduced borrowings from the sale of properties.

The Directors performed a going concern assessment based on their latest budgets and forecasts, and taking into account the Group's current facilities.

We included the going concern assumption as a key audit matter as it relies on existing cash reserves and revenue growth generating sufficient cash flows to cover necessary expenditure.

In assessing the appropriateness of the going concern assumption used in preparing the financial statements, we carried out the following procedures:

- We examined the Group's trading and cash flow forecast for the two year period to 30 June 2021 and agreed that this was based on the latest Board approved budget. The forecast included key assumptions in relation to future sales performances in each part of the business, capital expenditure, working capital movements and cost savings. The forecasts were used to assess the liquidity available to the Group and the performance against covenants included with the facilities.
- We tested the key assumptions in the forecast. For sales forecasts, we compared them to historic performances and market forecasts and examined the initiatives developed by the Directors to drive sales.
- We agreed material capital expenditure to detailed plans and assumptions.
- We considered the working capital assumptions in light of historic and recent working capital movements.
- We also tested the mathematical accuracy of the forecasts and managements' calculations of the forecast covenant compliance.
- We held discussions with the Directors and management to understand the nature of the downside risks modelled in their going concern assessment, and considered whether further risks should be applied to the forecasts. In particular, we focused on the trading sensitivities of a further decline in the Group's sales.
- We used our understanding of the Group and industry to assess the possibility of such risks arising and their potential impact. In addition to assessing managements' downside scenarios, we considered what further sensitivities (modelled by management) would need to be applied to result in a breach of covenants, or a lack of funds to pay debts as they fall due.
- We evaluated the adequacy of the Directors' disclosure of their basis for determining that the going concern basis of preparation of the financial statements is appropriate.

We have not identified a material uncertainty related to going concern and conclude that the Directors' use of the going concern basis of accounting is appropriate.

Our application of materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Our overall materiality for the Group's financial statements was set at £1.0m. In setting this level of materiality, due to the volatility of the profitability of the Group in recent years, we considered a combination of 0.5% of revenue and 5.0% of the loss before tax, capped at a maximum of £1.0m. Turnover is the best benchmark for the scale of the business, and the result before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark for listed retail groups. Our overall materiality for the Parent Company financial statements was set at 1% of total assets, capped at a maximum of £1.0m. The Parent Company does not trade, with its main operations being investment holding in subsidiaries. As a result, total assets are considered to be the most appropriate benchmark. Our overall materiality for the Parent Company's financial statements was set at £1.0m.

We conducted our audit of particular groups of balances or transactions at a reduced level of materiality in certain cases where we evaluated the risk having regard to the internal control environment to be less than the level of overall materiality. We refer to this as 'performance materiality'.

We agreed with the Audit Committee to report to it all identified errors in excess of £0.05m. Errors below that threshold would also be reported to it if, in our opinion as auditors, disclosure was required on qualitative grounds.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk.

Our tests included, but were not limited to: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators, enquiries of management, enquiries of internal legal team and review of internal audit reports in so far as they related to the financial statements. We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The Group and its material subsidiaries are accounted for from one central operating location. Our audit was conducted from the main operating location and both the Parent Company and all material subsidiary companies were within the scope of our audit testing.

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 other information; we are required to report that fact.

We have nothing to report in this regard. In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair balanced and understandable** set out on page 20 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** set out on pages 24 to 25 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** set out on page 22 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- The information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- The information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- Information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- The strategic report or the Directors' report; or
- The information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- A corporate governance statement has not been prepared by the Parent Company.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 20, 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 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.

Independence and appointment

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which included the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in the Audit Committee Report, we have provided no non-audit services to the Group or the Company during the year ended 30 June 2019.

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 9 May 2018 to audit the Group's and the Parent Company's financial statements for the year ended 30 June 2018 and subsequent financial periods. This is the second period of our engagement.

Use of this 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.

Martin Jones
Senior Statutory Auditor

For and on behalf of
UHY Hacker Young LLP
Statutory Auditor
London

26 September 2019

Group Statement of Comprehensive Income

For the Financial Year ended 30 June 2019

	Notes	52 weeks to 30 June 2019 £m	52 weeks to 30 June 2018 (restated) £m
Revenue	1	**232.5**	257.2
Cost of sales		**(150.4)**	(159.1)
Gross Profit		**82.1**	98.1
Other operating expenses	2	**(91.1)**	(91.7)
(Loss)/Profit from operations before exceptionals		**(9.0)**	6.4
Exceptional Items:			
Impairment of property	35	**(0.2)**	(4.7)
Bad debt provision	35	**(0.9)**	–
Onerous lease provision	35	**(0.5)**	–
Investment in associate written-off	35	**(1.3)**	–
Pension GMP Equalization	35	**(0.9)**	–
Store closure costs	35	**(0.7)**	(0.8)
(Loss)/Profit from operations	3	**(13.5)**	0.9
Other income	6	**–**	0.5
Finance costs	7	**(0.8)**	(1.3)
(Loss)/Profit before taxation		**(14.3)**	0.1
Taxation	11	**0.3**	(1.5)
(Loss) for the financial year*		**(14.0)**	(1.4)
Other comprehensive income:			
Actuarial (loss)/gain on defined benefit pension schemes		**(3.6)**	1.7
Deferred tax effect		**0.8**	(0.3)
Total that will not be subsequently reclassified to profit and loss		**(2.8)**	1.4
Exchange differences arising on re-translation of foreign operations		**0.6**	(0.3)
Total that may be subsequently reclassified to profit and loss		**0.6**	0.3
Other comprehensive (loss)/income for the year net of tax		**(2.2)**	1.1
Total comprehensive loss for the year		**(16.2)**	(0.3)
*(Loss)/earnings per share – basic and diluted – calculated based on (loss)/profit for the financial year	10	**(1.92)**	(0.19)

The Group's results shown above are derived entirely from continuing operations.

The restatement in 2018 relates to Other Comprehensive Income of £1.3m now excluded and adjusted against the opening balance of Retained Earnings on 1 July 2017 (see note 13).

The notes to the financial statements are on pages 53 to 74.

Statement of Financial Position

As at 30 June 2019

	Notes	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 (Restated) £m
Non-current assets					
Intangibles	12	1.1	1.4	–	–
Property, plant and equipment	13	7.6	43.9	1.2	1.3
Investment property	14	–	2.9	–	–
Deferred tax assets	24	2.8	2.1	–	–
Investment in associate	15	–	1.3	–	0.8
Investment in subsidiaries	16	–	–	48.3	73.8
		11.5	51.6	49.5	75.9
Current assets					
Inventories	18	46.7	55.7	–	–
Trade and other receivables	19	12.7	17.3	26.5	27.0
Current tax asset		0.8	–	–	–
Cash and cash equivalents	27	0.8	–	–	–
Assets held for sale	17	1.5	–	–	–
		62.5	73.0	26.5	27.0
Total assets		74.0	124.6	76.0	102.9
Current liabilities					
Current tax liabilities		–	0.8	–	–
Trade and other payables	20	38.1	44.0	2.4	2.4
Short-term borrowings	21	–	12.7	–	–
		38.1	57.5	2.4	2.4
Non-current liabilities					
Retirement benefit liabilities	30	15.1	11.1	–	–
Deferred tax liabilities	24	–	–	0.2	0.2
Long-term borrowings	36	–	18.8	–	–
Provisions and other liabilities	23	0.6	0.8	–	–
		15.7	30.7	0.2	0.2
Total liabilities		53.8	88.2	2.6	2.6
Net assets		20.2	36.4	73.4	100.3
Equity					
Share capital	25	37.3	37.3	37.3	37.3
Share premium		86.4	86.4	86.4	86.4
EBT shares		(3.2)	(3.2)	(3.2)	(3.2)
Treasury shares		(4.6)	(4.6)	(4.6)	(4.6)
Retained (losses)/earnings		(95.7)	(79.5)	(42.5)	(15.6)
Total equity		20.2	36.4	73.4	100.3

The loss after taxation for the Company for the 52 weeks ended 30 June 2019 was £27.1m (2018 restated: £26.3m). This is principally due to a £25.9m (2018 restated: £25.9m) impairment provision on the investments in subsidiaries (note 16).

The notes to the financial statements are on pages 53 to 74.

The financial statements on pages 42 to 45 were approved and authorised for issue by the Board on 26 September 2019 and signed on its behalf by:

David Cook *Chairman of Audit Committee* Seán Anglim *Finance Director*

Registered Number 1012631

Statement of Changes in Shareholders' Equity

For the Year ended 30 June 2019

Group

	Notes	Share Capital £m	Share Premium £m	EBT Shares £m	Treasury Shares £m	Retained Losses £m	Total Equity £m
Balance as at 30 June 2017 – previously reported		37.3	86.4	(3.2)	(4.6)	(80.5)	35.4
Prior period adjustment	13	–	–	–	–	1.3	1.3
Balance as at 30 June 2017 – restated		37.3	86.4	(3.2)	(4.6)	(79.2)	36.7
Loss for the year		–	–	–	–	(1.4)	(1.4)
Other comprehensive income (restated)		–	–	–	–	1.1	1.1
Total comprehensive loss		–	–	–	–	(0.3)	(0.3)
Dividends Paid		–	–	–	–	–	–
Balance as at 30 June 2018		37.3	86.4	(3.2)	(4.6)	(79.5)	36.4
Loss for the year		–	–	–	–	(14.0)	(14.0)
Other comprehensive loss		–	–	–	–	(2.2)	(2.2)
Total comprehensive loss		–	–	–	–	(16.2)	(16.2)
Dividends Paid		–	–	–	–	–	–
Balance as at 30 June 2019		**37.3**	**86.4**	**(3.2)**	**(4.6)**	**(95.7)**	**20.2**

Company

	Share Capital £m	Share Premium £m	EBT Shares £m	Treasury Shares £m	Retained Earnings/ (Losses) £m	Total Equity £m
Balance as at 30 June 2017	37.3	86.4	(3.2)	(4.6)	10.6	126.5
Loss for the year – restated	–	–	–	–	(26.3)	(26.3)
Other comprehensive income	–	–	–	–	0.1	0.1
Total comprehensive loss – restated	–	–	–	–	(26.2)	(26.2)
Dividends paid	–	–	–	–	–	–
Balance as at 30 June 2018 – restated	37.3	86.4	(3.2)	(4.6)	(15.6)	100.3
Loss for the year	–	–	–	–	(27.1)	(27.1)
Other comprehensive income	–	–	–	–	0.2	0.2
Total comprehensive loss	–	–	–	–	(26.9)	(26.9)
Dividends paid	–	–	–	–	–	–
Balance as at 30 June 2019	**37.3**	**86.4**	**(3.2)**	**(4.6)**	**(42.5)**	**73.4**

The notes to the financial statements are on pages 53 to 74.

Share Premium represents the excess of proceeds received over the nominal value of shares issued.

EBT Shares relates to the cost of the Company's own shares acquired and held by the Employee Benefit Trust.

Treasury Shares relates to the cost of the Company's own shares held by the Company in treasury.

Statement of Cash Flows

For the Financial Year ended 30 June 2019

	Notes	Group		Company	
		52 weeks to 30 June 2019 £m	52 weeks to 30 June 2018 £m	**52 weeks to 30 June 2019 £m**	52 weeks to 30 June 2018 £m
Operating activities					
Cash generated from operations	26	**(1.6)**	5.6	**–**	(3.6)
Corporation tax paid		**(1.2)**	(1.6)	**–**	–
		(2.8)	4.0	**–**	(3.6)
Investing activities					
Sale of property, plant and equipment		**36.8**	–	**–**	–
Purchase of property, plant and equipment	13	**(0.8)**	(1.9)	**–**	–
Purchase of intangible assets	12	**(0.3)**	(0.4)	**–**	–
		35.7	(2.3)	**–**	–
Financing activities					
Repayment of bank loan		**(20.1)**	(1.5)	**–**	–
Interest expense		**(0.6)**	(0.9)	**–**	–
		(20.7)	(2.4)	**–**	–
Net increase/(decrease) in cash and cash equivalents		**12.2**	(0.7)	**–**	(3.6)

Reconciliation of Net Cash Flow to Movement in Net funds

For the Year ended 30 June 2019

	Note	Group		Company	
		2019 £m	2018 £m	**2019 £m**	2018 £m
Net increase/(decrease) in cash and cash equivalents		**12.2**	(0.7)	**–**	**(3.6)**
Net funds at the beginning of the financial year		**(11.4)**	(10.7)	**–**	3.6
Net funds at the end of the financial year	21/27	**0.8**	(11.4)	**–**	–

The statement of financial position shows £0.8m of cash and cash equivalents and no longer has any short-term borrowings. Therefore, the above reconciliation shows the net increase in funds during the financial year.

The notes to the financial statements are on pages 53 to 74.

Accounting Policies

Basis of Accounting and Consolidation

The financial statements of the Group for the 52 week period ended 30 June 2019 and the comparative information for the 52 week period ended 30 June 2018 have been prepared under International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and Article 4 of the International Accounting Standards (IAS) Regulation. The financial statements have been prepared on the historical cost basis except for certain financial instruments, and pension assets and liabilities which have been measured at fair value.

The financial statements of the Group include the results of Laura Ashley Holdings plc and its subsidiaries. The results of any subsidiary companies acquired or disposed of during the reporting period are included in the Group Statement of Comprehensive Income from the effective date of acquisition to the date of disposal. All inter-company transactions and balances between Group enterprises are eliminated on consolidation.

The acquisition of subsidiary companies is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group. The acquirer's identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date, except for non-current assets that are held for resale, which are recognised and measured at fair value less costs to sell.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report on pages 7 to 15. The financial position of the Group, its cash flows and liquidity position are also set out in the Group Strategic Report on pages 7 to 15 and its borrowing facilities are described in note 36.

The Group meets its day-to-day working capital requirements through free cash flow and a debt facility with Wells Fargo Capital Finance (UK) Limited of up to £20m as required. The impact of the current economic conditions in the retail sector, particularly with respect to the level of demand for the Company's products, the exchange rate between Sterling and the US Dollar, and hence the effect on cost of sales, and the availability of bank finance in the foreseeable future continue to be carefully monitored and, where possible, managed by the Group.

As explained on page 12, the Directors have agreed to sell a UK based residential property in September 2019 to provide additional working capital. The Group has agreed the terms of a sale with a potential purchaser and contracts have been exchanged.

The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group will be able to operate within the level of its current lending facility.

The Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future and continue to consider it appropriate to prepare the financial statements on a going concern basis.

Implementation of New Accounting Standards

IFRS 9 – Financial Instruments and IFRS 15 – Revenues from Contracts with Customers required implementation by the Group in the period ended 30 June 2019.

IFRS 9 replaces IAS 39 "Financial instruments: recognition and measurement" for annual periods beginning on or after 1 January 2018, which covers the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The impact of the application of IFRS 9 was not material to the net assets or profit for the period or prior period. Prior year balances have not been restated for IFRS 9.

IFRS 15 supersedes IAS 11 "Construction contracts", IAS 8 "Revenue" and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The impact of the application of IFRS 15 was not material to the net assets or profit for the period or prior period. Prior year balances have not been restated for IFRS 15.

Impact of standards issued but not yet applied

Standard	Effective Date*
IFRS 16 – Leases	1 January 2019

* Financial periods beginning on or after.

The Group will adopt IFRS 16 when reporting for leases in the 2019/20 financial year. On the adoption of IFRS 16, lease agreements will give rise to both a right of use asset and a lease liability for future lease payables. The right of use asset will be depreciated on a straight-line basis over the life of the lease. Interest will be recognised on the lease liability. The overall expense recognised in the Group Statement of Comprehensive Income over the life of a lease will be unaffected by the new standard.

The Group has a portfolio of leased stores, vehicles and other equipment. The undiscounted amount of future lease commitments as at 30 June 2019 was £74.2m. The adoption of IFRS 16 has no effect on the cash flow or any of the Group's operations.

The Group has decided to take the necessary steps this year to comply with the requirements of IFRS 16. The Group will report using the modified retrospective transition approach for the 2019/20 financial year, whereby comparatives will not be restated.

The Group will recognise an opening right of use asset in the region of £74 million and a lease liability also in the region of £74 million. The most significant lease liabilities relate to property. The liability is lower than the amount shown in the operating leases commitments note (note 29) due to discounting the future rental payments.

The leases affected by IFRS 16 will create an additional estimated depreciation charge of £18 million in 2019/20. The related interest charge is expected to be an additional £1 million in 2019/20. These amounts will be offset and more by current rental payments such that the profit before tax is expected to increase by approximately £0.2m.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods, services, royalties and other similar income provided in the normal course of business, net of expected returns, staff discounts and the cost of loyalty scheme points, and is stated net of value added tax and other sales related taxes.

Sales of goods are recognised when goods are despatched and title has passed. The Group sells its products to customers with a right of return. Past experiences are used to estimate and provide for such returns at the time of sale.

Royalty income is recognised in line with sales reported by the Group's Franchise partners and Licensees. It is accounted for on an accruals basis to the extent that the expectation of such income can be reasonably quantified.

Hotel revenue represents amounts receivable for completed night stays as well as other goods and services provided in the normal course of hotel business, net of discounts, value added tax and other sales-related taxes.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend Distribution

A final dividend distribution to the Company's shareholders is recognised as a liability in the Company's and Group's financial statements in the period in which the dividends are approved by the Company's shareholders and recognised in the statement of changes in shareholders' equity. Interim dividends are recognised when paid.

Exceptional Items

Exceptional items are events or transactions, which arise from normal trading but, by virtue of their size or nature, have been disclosed in order to improve the reader's understanding of the financial statements.

Financial Instruments

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

a) Financial assets

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). Under IFRS 9 the Group initially measures a financial asset at its fair value plus directly attributable transaction costs, unless the asset is classified as FVPL. Transactional costs of financial assets carried at FVPL are expensed in the Income Statement.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Equity instruments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents recovery of part of the cost of investment, in which case they are recognised in OCI. Other net gains and losses are recognised in OCI and never reclassified to profit or loss. Financial assets at FVPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

b) Investments

Investments in subsidiary companies are stated at cost less provision for any impairment value in the accounts of the parent company.

Investments in associated companies are stated at the Group's share of net assets less provisions, and accounted for under the 'Equity Method'.

c) Trade receivables

Trade receivables are stated at amortised cost less provisions for impairment. A provision for impairment of trade receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The movement in the provision is recognised in the Group Statement of Comprehensive Income.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand, bank 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. The bank deposits have an original maturity rate of 3 months or less.

e) Financial liabilities and equity instruments

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. The Company's holding in its own equity instruments, including ordinary shares, is classified as treasury shares and is shown as deductions from shareholders' equity at cost.

Finance charges are calculated using the effective interest rate method.

f) Trade payables

Trade payables, defined as financial liabilities in accordance with IFRS 9, are recognised initially at fair value. All trade payables are non-interest bearing.

g) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to exchange rate risk. 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 statement of financial position date. The resulting gain or loss is recognised in the Statement of Comprehensive Income.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns. 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 Statement of Changes in Shareholders' Equity, notes 25 and 27.

Currency Translation

The statements of comprehensive income of subsidiary companies operating outside the United Kingdom are translated into Sterling using average rates of exchange for the period, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction. The net assets of such companies are translated into Sterling at the rates of exchange prevailing at the statement of financial position date.

Exchange differences that relate to the translation of net assets of overseas companies and to foreign currency borrowings to the extent that these provide a statement of financial position hedge, together with any tax thereon, are taken directly to other comprehensive income and accumulated in equity.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the statement of financial position date. Transactions denominated in foreign currencies are translated into the respective functional currency at average monthly rates.

Exchange differences arising on the settlement or translation of monetary items are recognized in the Statement of Comprehensive Income. All transactional exchange differences are taken to the Group Statement of Comprehensive Income.

Leased Assets

Rentals payable under operating leases are charged to the Group Statement of Comprehensive Income on a straight-line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Unless these conditions are met, no provision is recognised.

Present obligations arising out of onerous contracts are recognised and measured as provisions. An onerous lease is considered to exist where the Group has a contract under which the unavoidable costs of meeting its obligations exceed the economic benefits expected to be received. The amounts provided are based on the Group's best estimated of the least net cost of exit. Where material, these estimated outflows are discounted to net present value.

Intangible Assets

Intangible assets are held at cost less accumulated amortisation and any provision for impairment.

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset.

Internally generated software costs, where it is clear that the software developed is technically feasible and will be completed and will generate economic benefit, are capitalised as an intangible asset. Capitalised software costs include external direct costs of goods, services and related costs for employees who are directly associated with the project.

Capitalised software and software development costs are amortised on a straight-line basis over their expected economic lives, normally five years. Computer software under development is held at cost less any recognised impairment loss.

Accounting Policies continued

Property, Plant and Equipment

Property, plant and equipment is initially recorded at cost. Depreciation is calculated at rates estimated to write off the cost of the relevant assets, less any estimated residual value, on a straight-line basis over their expected useful lives.

The principal lives used are:	
Freehold buildings and long leasehold property	50 years
Short leasehold property	Period of lease
Leasehold improvements	Period of lease
Plant and machinery	10 years
Vehicles	5 years
Fixtures, fittings and equipment:	
Computer systems	5 years
Shop fixtures and fittings	5 years
Other equipment, fixtures and fittings	3 to 10 years

Investment Property

Investment property is calculated on the cost method. Depreciation is calculated on a straight-line basis over 50 years.

Payments on Account and Assets Under Construction

In the course of capital projects where costs are incurred for payments on account and assets under construction or installation of equipment, they are not subject to depreciation until they are reclassified after their completion.

Reverse Premiums

Reverse premiums received on the inception of lease agreements are released to the Group Statement of Comprehensive Income over the period of the lease. These are released on a straight-line basis.

Impairment Testing

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped by store, cost centre, premises or subsidiary undertaking, which is the lowest level for which there are separately identifiable cash flows or cash generating units. Non-financial assets, other than goodwill, that have been impaired are reviewed at each reporting date for possible reversal of the impairment.

Inventories

Inventories are valued at the lower of cost and net realisable value using the average cost method. The cost of Group manufactured products includes attributable overheads based on normal levels of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished state.

Taxation

The tax charge comprises current period tax payable and deferred tax. The tax charge for the period represents an estimate of the amount payable to tax authorities in respect of the Group's taxable profits based on interpretation of existing and applicable tax laws.

Deferred tax is provided in full, using the liability method, on material temporary differences arising from differences between the tax base and the accounting base of assets and liabilities. If deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates that have been enacted or substantially enacted at the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the Group Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity via Other Comprehensive Income.

Pensions

The Group operates various pension schemes for its permanent employees. For the UK defined benefit scheme, an independent actuary completes a valuation every three years and, in accordance with their recommendations, contributions are paid to the trustees of the scheme so as to secure the benefits as set out in the rules. Changes arising from the tri-annual valuation are implemented in the year following the year in which the valuation is undertaken. The operating and financing costs of the scheme are recognised in the Group Statement of Comprehensive Income. Financial gains or losses in the defined benefit pension schemes are recognized in Other Comprehensive Income. The shortfall in the fair value of the plan assets as compared to the benefit obligation is recognised in full in the statement of financial position in line with the requirements of IAS 19.

Payments to defined contribution retirement benefit schemes are charged as expenses as they fall due.

Significant Judgements

The Group has reviewed the application of its Accounting Policies with respect to matters where significant judgments may be required, with particular reference to the publication "Corporate Reporting Thematic Review: Judgements and Estimates" published by the Financial Reporting Council in November 2018, and has concluded that no such significant judgments have been made in the preparation of the financial statements presented within this Annual Report. Instead it has been concluded that all matters requiring detailed examination and critical assessment can be considered as sources of estimation uncertainty.

Sources of Estimation Uncertainty

The preparation of the financial statements requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making estimates about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Group believes that the most significant areas of estimation uncertainty in the application of its accounting policies are:

Defined benefit pension scheme assumptions

The impact of the assumptions applied in determining the defined benefit pension obligation, which are set out in note 30, is particularly sensitive to minor changes. Advice is taken from a qualified actuary to determine appropriate assumptions at the end of each financial period. The actuarial valuation involves making assumptions about discount rates, rates of inflation, mortality rates, growth in earnings and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. A sensitivity analysis is shown in note 30. In determining the appropriate discount rate, management considers the interest rates of high quality UK corporate bonds, with extrapolated maturities corresponding to the expected duration of the obligation. The mortality rate is based on publically available mortality data.

Licensing and franchise royalty income

The Group is reliant on receiving accurate and timely information from licensing and franchising partners in order to correctly account for revenues arising from these activities. Where information is uncertain or delayed, management will account for estimates based on the most recently available data. To assist with this a guaranteed minimum amount is used as a measure in arriving at an accurate estimate.

Investments in and net amounts owed by subsidiaries

The Company held investments in subsidiaries at 30 June 2019 amounting to £48.3m (2018 restated: £78.3m). The reduction is due to an impairment provision of £25.5m during the year. A prior year adjustment provision of £25.9m has also been made (note 16). The Company also had balances receivable from a number of other group companies at 30 June 2019 amounting to £24.1m (2018: £24.6m). The recoverability of investments in and amounts due from subsidiaries is assessed with reference to the discounted net present value of estimated future cash flows likely to be generated by the relevant entities. In view of the size of these amounts, the directors have considered their recoverability with reference to the corresponding fair values at 30 June 2019 as determined by the discounted net present value of the future net operating cash flows that are likely to be generated by each entity. Cash flow projections have been based on business plans for the next 5 year period with a long term growth factor of 2% being applied beyond year 5. Discount rates ranging from 12% to 18% have been applied to future net cash flows.

Others

Other sources of estimation uncertainty include provisioning for store closures, inventory provisioning, onerous leases, revenue recognition, including product return rates, and redemption of gift cards and privilege points.

Provisioning for the likely costs of future store closures involves a careful assessment of the total contribution that each store makes to the Group, including the growing proportion of total retail revenue generated on-line, actions that can be taken by management to improve store performance and the likely outcome of negotiations with lessors.

Inventory provisioning on slow moving and obsolete stock is designed to ensure that stock is valued accurately and is assessed with reference to selling prices, historical sales patterns and post year end trading performance.

Onerous lease provisions relate to leases on properties where the current and anticipated performance does not support the carrying value of the stores. As part of the impairment review of stores, the recoverable amount is estimated and where property contracts for which expected future cash flows are less than the future contract commitments, an onerous contract provision is recognized. Judgement is required in applying estimates to assess the level of provision required. The ultimate costs and timing of cash flows are dependent on management’s estimates and likelihood of exiting the property lease contracts and sub-letting surplus space. Significant assumptions are used in making these calculations; in particular the nature, timing and value of mitigating lease costs including the level of sub-lease income, and changes in these assumptions and future events could cause the value of these provisions to change.

Revenue recognition contains a number of estimates including the level of sales returns. Past experiences are used to estimate and provide for such returns at the time of the sale.

Similarly, assessments of the liabilities in relation to future redemption of gift cards and privilege points are based on management’s estimation of the values of the gift cards and points in circulation that are likely to be utilized by customers prior to their corresponding expiry dates.

Notes to the Financial Statements

1 Segmental Analysis

2019 (52 weeks)	Retail Stores £m	Retail e-Commerce & Mail Order £m	Retail Hotel £m	Total Retail £m	Total Non-retail £m	Total £m
Revenue	172.5	51.2	1.4	225.1	7.4	232.5
Contribution	(1.7)	7.6	0.1	6.0	3.0	9.0
Indirect overhead costs				(18.0)	–	(18.0)
Finance income				–	–	–
Finance costs				(0.8)	–	(0.8)
Exceptional items				(4.5)	–	(4.5)
Loss before taxation				(17.3)	3.0	(14.3)

2018 (52 weeks)	Retail Stores £m	Retail e-Commerce & Mail Order £m	Retail Hotel £m	Total Retail £m	Total Non-retail £m	Total £m
Revenue	177.4	59.7	2.1	239.2	18.0	257.2
Contribution	4.5	12.3	(0.6)	16.2	7.5	23.7
Indirect overhead costs				(17.3)	–	(17.3)
Finance income				0.5	–	0.5
Finance costs				(1.3)	–	(1.3)
Exceptional items				(5.5)	–	(5.5)
Profit before taxation				(7.4)	7.5	0.1

	Non-current assets 2019 £m	Non-current assets 2018 £m	Revenue 2019 £m	Revenue 2018 £m
Geography				
UK, Ireland & France	8.7	16.6	226.3	243.3
Japan	–	2.6	0.8	8.1
Singapore	–	30.3	–	–
Rest of the World	–	–	5.4	5.8
	8.7	49.5	232.5	257.2

The reported segments are consistent with the Group's internal reporting for performance measurement and resources allocation. The Group does not allocate indirect overhead costs between its retail and non-retail segments. As significant elements of the indirect overhead cost arise from the retail segment, it is decided that the entire indirect costs are allocated to this segment.

Retail revenue reflects sales through Laura Ashley's Managed Stores, Mail Order, E-Commerce and Hotel. Non-retail revenue includes Licensing, Franchising and Manufacturing. Contribution is stated after deducting direct operating expenses, buying, marketing and administrative costs.

Non-current assets reflect all fixed assets except the deferred tax asset. This has also been reflected in the prior year comparison.

2 Operating Expenses

	52 weeks ended 30 June 2019 £m	52 weeks ended 30 June 2018 £m
Distribution costs	77.7	78.8
Administrative expenses	13.4	12.9
	91.1	91.7

3 (Loss)/Profit from Operations is Stated after Charging/(Crediting):

	52 weeks ended 30 June 2019 £m	52 weeks ended 30 June 2018 £m
Amortisation of intangibles (note 12)	0.6	0.9
Depreciation on property, plant and equipment (note 13)	2.1	2.5
Depreciation on investment property (note 14)	–	0.1
Exchange (gains)/losses	1.7	(1.4)
(Gain)/Loss on disposal of fixed assets	(0.4)	0.3
Operating lease and hire charges of:		
Property	18.6	18.9
Others	2.7	2.5
Auditor's remuneration	0.1	0.1
Cost of inventories recognised as an expense	123.9	131.7
Including: Provision for inventories obsolescence and stock loss	2.5	2.4

4 Employees

	2019 Number	2018 Number
Average number of employees of the Group on a full-time equivalent basis:		
Manufacturing	160	172
Retail	1,305	1,445
Administrative	320	336
Distribution	228	246
Hotel	21	33
	2,034	2,232

	2019 Number	2018 Number
Average number of employees of the Group on a headcount basis:		
Manufacturing	164	177
Retail	2,089	2,306
Administrative	347	370
Distribution	233	251
Hotel	29	47
	2,862	3,151

	2019 £m	2018 £m
Staff Costs for the Financial Year		
Wages and salaries	45.6	47.5
Social security costs	3.1	3.3
Other pension costs	0.7	0.6
	49.4	51.4

4 Employees continued

Key Management's Compensation

The Directors have identified 13 (2018: 13) key management personnel whose compensation was as follows:

	2019 £m	2018 £m
Salaries	**0.9**	0.9
Short-term benefits	**0.1**	0.1
Pension costs	**0.1**	0.1
	1.1	1.1

The key management figures above include the Directors. Directors' emoluments are disclosed in the Directors' Remuneration Report on page 27. There were no share-based payments during the financial period ended 30 June 2019 (2018: nil).

5 Directors' Remuneration

	2019 £000	2018 £000
Aggregate emoluments	**739**	623
Company pension contribution for a private pension	**19**	30

Details of Directors' pension benefits are set out in the Directors' Remuneration Report on page 27.

During the financial period ended 30 June 2019 and period ended 30 June 2018, there were no share options granted to or exercised by the Directors or amounts received under long-term incentive schemes.

The information required by the Companies Act 2006 and the Listing Rules of the Financial Conduct Authority is contained in the Directors' Remuneration Report on pages 27 to 34.

Directors' Interests

The interests of the Directors in the shares of the Company are disclosed on page 28.

6 Other Income

	52 weeks ended 30 June 2019 £m	52 weeks ended 30 June 2018 £m
Realised pension de-risking gains	**–**	0.5
	–	0.5

7 Finance Costs

	52 weeks ended 30 June 2019 £m	52 weeks ended 30 June 2018 £m
Pension interest payable	**0.2**	0.4
Other interest payable	**0.6**	0.9
	0.8	1.3

8 Laura Ashley Holdings plc – Statement of Comprehensive Income

In accordance with Section 408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income.

9 Principal Exchange Rates

	2019 Average	2019 Period end	2018 Average	2018 Period end
US Dollar	**1.30**	**1.27**	1.35	1.32
Euro	**1.13**	**1.12**	1.13	1.13
Japanese Yen	**144**	**137**	149	146

10 Earnings per Share

(Losses)/earnings per share is calculated by dividing the (loss)/profit for the financial year by the weighted average number of ordinary shares during the year (excluding treasury shares of 18,272,500).

	52 weeks ended 30 June 2019			52 weeks ended 30 June 2018		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic EPS	(14.0)	727.8	(1.92)	(1.4)	727.8	(0.19)
Exceptional Items (note 35)	4.5	–	0.62	5.5	–	0.75
Adjusted EPS	(9.5)	727.8	(1.30)	4.1	727.8	0.56

There is no difference between basic and diluted EPS as there are no potentially dilutive ordinary shares in the form of share options or awards.

11 Taxation

	52 weeks ended 30 June 2019 £m	52 weeks ended 30 June 2018 £m
UK Corporation tax:		
Current year corporation tax	**(0.3)**	1.4
	(0.3)	1.4
Deferred tax movement relating to pension	**–**	0.2
Other deferred tax	**–**	(0.1)
Taxation on profit on ordinary activities	**(0.3)**	1.5

Tax reconciliation:	**52 weeks ended 30 June 2019 £m**	52 weeks ended 30 June 2018 £m
(Loss)/Profit before taxation	**(14.3)**	0.1
Tax at 19.00% (2018: 19.75%)	**(2.7)**	–
Expenses not deductible for tax purposes	**0.5**	1.3
Movement in deferred tax not recognised	**1.9**	0.2
Current tax (credit)/charge for the period	**(0.3)**	1.5

The taxation charge for the period comprises taxation for the Group on current and prior periods' taxable profits.

12 Intangibles

Group 2019	Total £m
Cost	
At 30 June 2018	15.8
Additions	0.3
Disposals	–
At 30 June 2019	16.1
Amortisation	
At 30 June 2018	14.4
Charge for the year	0.6
Disposals	–
At 30 June 2019	15.0
Net Book Value	
At 30 June 2019	1.1

Group 2018	£m
Cost	
At 30 June 2017	15.5
Additions	0.4
Disposals	(0.1)
At 30 June 2018	15.8
Amortisation	
At 30 June 2017	13.6
Charge for the year	0.9
Disposals	(0.1)
At 30 June 2018	14.4
Net Book Value	
At 30 June 2018	1.4

Intangible assets comprise expenditure on computer software systems.

Amortisation charges are included in the Statement of Comprehensive Income within operating expenses.

13 Property, Plant and Equipment (excludes Investment Property)

Group 2019	Land and buildings Freehold £m	Land and buildings Short leases £m	Plant, machinery and vehicles £m	Fixtures, fittings and equipment £m	Total £m
Cost					
At 30 June 2018	49.1	23.4	3.2	25.8	101.5
Transfer to current assets	(1.9)	–	–	–	(1.9)
Additions	–	0.4	0.1	0.3	0.8
Disposals	(40.4)	(2.3)	–	(2.7)	(45.4)
Exchange differences	0.8	–	–	–	0.8
At 30 June 2019	**7.6**	**21.5**	**3.3**	**23.4**	**55.8**
Depreciation					
At 30 June 2018	11.7	19.7	3.0	23.2	57.6
Transfer to current assets	(0.2)	–	–	–	(0.2)
Impairment	–	–	–	–	–
Charge for the year	0.3	0.9	0.1	0.9	2.2
Disposals	(7.3)	(1.7)	–	(2.5)	(11.5)
Exchange differences	0.1	–	–	–	0.1
At 30 June 2019	4.6	18.9	3.1	21.6	48.2
Net Book Value					
At 30 June 2019	**3.1**	**2.6**	**0.2**	**1.8**	**7.6**

Group 2018	Land and buildings Freehold £m	Land and buildings Short leases £m	Plant, machinery and vehicles £m	Fixtures, fittings and equipment £m	Total £m
Cost					
At 30 June 2017	53.6	25.1	4.0	29.7	112.4
Prior year adjustment	(4.3)	(0.7)	(0.8)	0.2	(5.6)
At 30 June 2017 – restated	49.3	24.4	3.2	29.9	106.8
Additions	–	0.3	0.1	1.5	1.9
Disposals	–	(1.3)	(0.1)	(5.6)	(7.0)
Exchange differences	(0.2)	–	–	–	(0.2)
At 30 June 2018	49.1	23.4	3.2	25.8	101.5
Depreciation					
At 30 June 2017	13.1	20.4	3.8	27.6	64.9
Prior year adjustment	(5.5)	(0.7)	(0.9)	0.2	(6.9)
At 30 June 2017 – restated					
Impairment	3.8	–	–	–	3.8
Charge for the year	0.3	1.2	0.1	0.9	2.5
Disposals	–	(1.2)	–	(5.5)	(6.7)
At 30 June 2018	11.7	19.7	3.0	23.2	57.6
Net Book Value					
At 30 June 2018	37.4	3.7	0.2	2.6	43.9

The transfer to current assets is based on an asset held for sale, a residential poperty which the Group has received an offer for. Refer to note 17 for further explanation. Though £1.7m net was transferred out of fixed assets, £0.2m of this was subsequently written-off as an impairment adjustment.

Prior year comparatives have been restated whereby £1.3m of other reserve movements shown in Other Comprehensive Income for the year ended 30 June 2018 should have been adjusted against the opening balance of retained earnings on 1 July 2017, with a corresponding net increase of £1.3m in Property, Plant and Equipment at 1 July 2017.

13 Property, Plant and Equipment (excludes Investment Property) continued

The restatement arose following an enquiry by the Financial Reporting Council as a result of which the Group concluded that, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the adjustment to fixed assets, which arose as a result of a discrepancy between the fixed asset register and the underlying accounting records should have been accounted for by way of a prior year adjustment.

Company 2019	Land and buildings freehold £m
Cost	
At 30 June 2018	1.8
Disposals	–
At 30 June 2019	**1.8**
Depreciation	
At 30 June 2018	0.5
Charge for the year	0.1
At 30 June 2019	**0.6**
Net Book Value	
At 30 June 2019	**1.2**

Company 2018	Land and buildings freehold £m
Cost	
At 30 June 2017	1.8
Disposals	–
At 30 June 2018	**1.8**
Depreciation	
At 30 June 2017	0.5
Charge for the year	–
At 30 June 2018	**0.5**
Net Book Value	
At 30 June 2018	**1.3**

14 Investment property

Group 2019	Total £m
Cost	
At 30 June 2018	4.0
Disposals	(4.0)
At 30 June 2019	–
Depreciation	
At 30 June 2018	1.1
Impairment	–
Charge for the period	–
Disposals	(1.1)
At 30 June 2019	–
Net Book Value	
At 30 June 2019	–

Group 2018	Total £m
Cost	
At 30 June 2017	4.0
Disposals	–
At 30 June 2018	**4.0**
Depreciation	
At 30 June 2017	0.5
Impairment	0.5
Charge for the period	0.1
Disposals	–
At 30 June 2018	1.1
Net Book Value	
At 30 June 2018	**2.9**

The Group completed the disposal of its property in Singapore during the year.

15 Investment in Associate

	52 weeks ended 30 June 2019 £m	52 weeks ended 30 June 2018 £m
Japan – Laura Ashley Japan Co., Limited		
Revenue	–	82.7
Loss before taxation	–	–
Share of loss before taxation	–	–
Investment in associate:		
Opening balance at 30 June 2018	**1.3**	1.3
Investment in Associate written-off	**(1.3)**	–
Closing balance at 30 June 2019	–	1.3
Aggregated amounts relating to associate		
Total assets	–	9.0
Total liabilities	–	(7.7)

The Company's Master License Agreement with Aeon Holdings was terminated on 17 September 2018, hence the investment in associate has been written-off.

16. Investment in Subsidiaries

Company	Cost £m	Provision £m	Investment £m
At 30 June 2018 – restated	147.8	(74.0)	73.8
Impairment	-	(25.5)	(25.5)
At 30 June 2019	147.8	(99.5)	48.3

Company	Cost £m	Provision £m	Investment £m
At 30 June 2018	147.8	(48.1)	99.7
Prior year adjustment	–	(25.9)	(25.9)
At 30 June 2018 – restated	147.8	(74.0)	73.8

See note 32 for details of subsidiaries.

The recoverable amount has been reviewed for impairment. This assessment was primarily based on discounted financial cash flows approved by the Directors. The following key assumptions were used in calculating these discounted cash flows:

i) licensing revenue from our new partner, Itochu Corporation, for the territory of Japan;

ii) licensing revenue from our new partner, IMG, for the territory of China;

iii) expansion of hotel and tea room licensing income;

iv) long term growth rate beyond year 5 of 2% per annum (2018: 2%);

v) discount rates ranging from 12% to 18%. (2018: 12% to 18%)

The above key assumptions represent the Directors' assessment of the future outlook based on their best estimates and they believe that a further impairment provision is required in the Company's investment in subsidiaries at 30 June 2019.

The Group has master license agreements for both Japan and China in place. These are with Itochu Corporation and IMG, respectively. Laura Ashley has over 30 years of history and experience in the Japanese market and as recently as 2 years ago, was trading in 120 stores there. China represents a new exciting opportunity for the Group.

16. Investment in Subsidiaries continued

The Group is finalizing a significant agreement with a renowned hotel management group. This will give the Group access to scale within this sector.

The rationale for selecting the base 12% discount rate is supported by benchmarking with other retailers. The selection of higher discount rates for Asia and France is based on the higher risk for these territories.

Directors have revisited the cash flow for the next 5 years and have decided to scale back on projections due to the Group's performance in the year. On this basis, the group has included a cumulative impairment provision of £99.5m.

Following an enquiry by the Financial Reporting Council, the Group has re-run the impairment assessment for year ended 30 June 2018 using assumptions that were more consistent with actual performance in the year ended 30 June 2019, and has concluded that £25.9m of this impairment provision should be recognised as a prior year adjustment in the year ended June 2018, leaving an impairment provision of £25.5m in the year ended June 2019.

17. Asset Held for Sale

The Group has received an offer of £1.5 million for the residential property owned in Elstree. The Group expects this sale to be completed by the end of September 2019, therefore this has been included in Current Assets at the lower of the carrying amount and fair value less costs to sell.

18. Inventories

	Group	
	2019 £m	2018 £m
Raw materials and consumables	**1.2**	1.6
Work in progress	**0.3**	0.4
Finished goods and goods for resale	**45.2**	53.7
	46.7	55.7

The Company holds no inventories or work in progress (2018: nil).

19. Trade and Other Receivables

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Amounts falling due within one year:				
Trade receivables	**5.7**	7.9	**–**	–
Amounts owed by subsidiaries	**–**	–	**26.5**	27.0
Amounts owed by associate (note 31)	**0.4**	2.2	**–**	–
Prepayments and accrued income	**6.6**	7.2	**–**	–
	12.7	17.3	**26.5**	27.0

The Directors consider that the carrying amount of these assets approximate their fair value.

Intercompany loans are charged interest at the 3 month Sterling LIBOR rate and have no fixed repayment date.

20. Trade and Other Payables

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Amounts falling due within one year:				
Trade payables	**17.2**	22.1	**–**	–
Amounts owed to subsidiaries	**–**	–	**2.4**	2.4
Social security and other taxes	**1.8**	1.7	**–**	–
Other payables	**–**	0.8	**–**	–
Deferred income	**8.3**	7.9	**–**	–
Accruals	**10.8**	11.5	**–**	–
	38.1	44.0	**2.4**	2.4

The Directors consider that the carrying amount of these liabilities approximate their fair value.

21. Short Term Borrowings

	Group		Company	
	2019	2018	**2019**	2018
	£m	£m	**£m**	£m
Amounts falling due within one year:				
Net bank overdraft (note 36)	**–**	11.4	**–**	–
DBS loan payable within one year	**–**	1.3	**–**	–
	–	12.7	**–**	–

The Directors consider that the carrying amount of these liabilities approximate their fair value.

22. Financial Instruments

The Group's policies as regards to financial instruments are set out in the accounting policies on pages 46 to 52.

Financial Risk Management

Financial risk management is an integral part of the way the Group is managed. In the course of its business, the Group is exposed primarily to credit risk, interest rate risk, foreign currency risk and liquidity risk. The overall aim of the Group's financial risk management policies is to minimise potential adverse effects on financial performance and net assets.

The Group's Treasury department manages the principal financial risks within policies and operating parameters approved by the Board. Treasury is not a profit centre and does not enter into speculative transactions.

Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents, short-term and long-term borrowings as set out in note 22 and note 36 and equity attributable to equity holders comprising issued capital and retained earnings as disclosed in the Statement of Changes in Shareholders' Equity and note 25.

The Group has a policy of paying dividends to shareholders where possible with reference to underlying earnings per share, Group achieved EBIT, distributable profits and availability of cash after taking in to account the investment needs of the business. No changes were made to the objectives, policies or processes during the financial years ended 30 June 2019 or 30 June 2018.

Credit Risk

Credit risk arises on financial instruments such as trade receivables and short-term bank deposits.

Policies and procedures exist to ensure that customers, suppliers and partners have an appropriate credit history.

Short-term bank deposits are executed only with high credit-rated authorised counterparties based on ratings issued by the major rating agencies. At the statement of financial position date, there were no significant concentrations of credit risk. Some trading partner debts are secured by letters of credit, some by bank guarantee, whilst others remain on account.

Trade and other receivables included in the statement of financial position are stated net of bad debt provision, which has been estimated by management following a review of individual receivable accounts. There is no Group-wide rate of provision, and provision made for debts that are overdue is based on prior default experience and known factors at the statement of financial position date. Receivables are written-off against the bad debt provision when management considers that the debt is no longer recoverable.

An analysis of the provision held against trade receivables is set out below:

	2019	2018
	£m	£m
Provision as at beginning of the financial year	**–**	1.4
Increase/(Decrease) in provision	**0.9**	(1.4)
Provision as at end of the financial year	**0.9**	–

22 Financial Instruments continued

There were £2.7 million (2018: £3.7 million) trade receivables overdue at the statement of financial position date and not provided for, of which £2.4 million (2018: £3.3 million) were more than 60 days overdue. There were no indications, as at 30 June 2019, that these trade debtors would not meet their payment obligations in respect of the amount of trade receivables recognised in the statement of financial position that were overdue and not provided for. The proportion of trade receivables at 30 June 2019 that were overdue for payment was 44.9% (2018: 47.6%).

Overall, the Group considers that it is not exposed to a significant amount of credit risk.

Interest Rate Risk

The Group holds no fixed rate financial assets (2018: nil).

The Group holds £Nil (2018: nil) Sterling cash balances on short-term deposit as at the statement of financial position date.

The Group paid down the entirety of the DBS loan in November 2018 and holds no interest bearing debt at the end of the financial period.

Foreign Currency Risk

The main functional currency of the Group is Sterling. The following analysis of net monetary assets and liabilities shows the Group's currency exposures.

The amounts shown below represent the transactional exposure that gave rise to net currency gains and losses recognised in the statement of comprehensive income (see note 3). Such exposure comprises the monetary assets and liabilities of the Group that are not denominated in the functional currency of the operating unit involved.

	Net foreign currency monetary assets					Net foreign currency monetary assets				
	2019 £m	2019 £m	2019 £m	2019 £m	2019 £m	2018 £m	2018 £m	2018 £m	2018 £m	2018 £m
	US$	Euro	JPY	HK$	S$	US$	Euro	JPY	HK$	S$
Functional currency of Company operations – Sterling	(0.7)	1.2	0.3	–	–	(0.5)	0.3	1.9	–	–

	Net foreign currency monetary liabilities		Net foreign currency monetary liabilities	
	2019 £m	2019 £m	2018 £m	2018 £m
	US$	Euro	US$	Euro
Functional currency of Company operations – Sterling	(0.9)	(0.4)	(1.4)	(0.7)

As at the statement of financial position date, the Group had forward purchase contracts in place for a total value of US$Nil (2018: forward purchase contracts with a total value of US$15.0m).

The Group's primary foreign currency exposures are to movements in Sterling against the US Dollar and the Euro. If these currencies had strengthened against Sterling by a further 1% for the duration of the year ended 30 June 2019, profit would have been reduced by £0.9m.

Liquidity Risk

The Group's policy on liquidity risk is to ensure that it has sufficient cash flow to fund ongoing operations without the need to carry significant net debt over the medium-term.

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows of the Group's financial liabilities, including cash flows in respect of derivatives:

22 Financial Instruments continued

2019	Less than 1 year £m	1 to 2 years £m	2 to 5 years £m	Over 5 years £m	Total £m
Bank loans and overdrafts	–	–	–	–	–
Trade and other payables	38.1	–	–	–	38.1
Total cash flows	**38.1**	**–**	**–**	**–**	**38.1**

The Group's overdraft facility with Barclays Bank Plc was reduced due to the sale of the Singapore and Elstree properties to £5 million during the year. Subsequent to the year end, the Group has secured replacement and additional funding with Wells Fargo Capital Finance (UK) Limited up to £20 million.

Fair Values of Financial Instruments

There is no material difference between the book value and the fair value of the Group's financial instruments.

23. Provisions and Other Liabilities

	£m
As at 30 June 2017	0.1
Utilised	(0.1)
Exceptional item – store closure costs	0.8
As at 30 June 2018	0.8
Utilised	(1.4)
Exceptional item – store closure costs	0.7
Exceptional item – onerous lease provision	0.5
As at 30 June 2019	**0.6**

The provisions above relate to store closure costs and onerous lease provisions.

24. Deferred Tax

The deferred tax asset and liabilities which are recognised and not recognised in the financial statements are as follows:

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Amount recognised:				
Deferred tax asset – retirement benefit liabilities	**2.8**	2.1	**–**	–
Deferred tax liabilities – excess of tax allowances over depreciation	**–**	–	**0.2**	0.2
Amount Not recognised:				
Deferred tax asset losses not recognised	**2.8**	1.0	**–**	–

The tax rate used in the deferred tax calculations is 19% being the average rate for the year ended 30 June 2019.

25. Share Capital

Ordinary shares of 5p each	**2019 £m**	2018 £m
Allotted, issued and fully paid 746,035,368 (2018: 746,035,368)	**37.3**	37.3

All the shares have equal rank and there are no voting preferences or restrictions associated with any shares.

Treasury shares held amount to 18,272,500 (2018:18,272,500).

26. Reconciliation of (Loss)/Profit from Operations to Net Cash (Outflow)/Inflow from Operating Activities

	Group		Company	
	2019 £m	2018 £m	2019 £m	2018 (Restated) £m
(Loss)/profit from operations	(13.5)	0.9	(27.1)	(26.3)
Amortisation charge	0.6	0.9	–	–
Depreciation charge	2.1	2.6	0.1	–
Impairment charge	0.2	4.7	25.5	25.9
Investment in associate written-off	1.3	–	0.8	–
Losses on disposal of stores	0.7	0.8	–	–
(Gain)/loss on disposal of fixed/non-current assets	(0.4)	0.3	–	–
Exchange movement on intercompany loan	–	–	–	0.1
Decrease in inventories	9.0	2.0	–	–
Decrease/(increase) in receivables	4.5	1.8	0.7	(3.2)
(Decrease)/increase in payables	(5.9)	(7.4)	–	(0.1)
Movement in provisions	(0.2)	(1.0)	–	–
Net cash inflow/(outflow) from operating activities	(1.6)	5.6	–	(3.6)

27. Cash and cash equivalents

	Group		Company	
	2019 £m	2018 £m	2019 £m	2018 £m
Cash at bank and in hand	0.8	–	–	–
Bank deposits	–	–	–	–
	0.8	–	–	–

Cash balances have been netted off within bank overdrafts as described in note 21, Short Term Borrowings.

28. Future Commitments

Following the opening of the new store in Leicester in the reporting period, the Group is currently planning to open new stores in Cork and Westfield 'White City'. In addition, the Group is continuing to invest in its IT systems and infrastructure to support the growth and development of the business. As at 30 June 2019 total future commitments amounted to £0.4m (2018: £0.3m).

29. Leases

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

	2019		2018	
	Land and buildings £m	**Other £m**	Land and buildings £m	Other £m
Within one year	**16.9**	**0.6**	18.6	0.6
Two to five years	**39.8**	**0.1**	44.4	0.2
After five years	**17.5**	**–**	12.8	–
	74.2	**0.7**	75.8	0.8

Certain shop premises acquired under operating leases are subject to rental charges based on a combination of flat rental charge plus a percentage of turnover achieved by the store. The above figures are based on the flat rental charge only. One of the stores in the Group's portfolio pays rent contingent on the turnover of the store. The Sutton Coldfield store pays 8% of turnover capped at £95,000.

A review of outstanding operating lease commitments relating to the Group's store portfolio was carried out at 30 June 2019 in order to assess whether any continuing leases could be considered to be onerous. Based on recent and forecast store performance, 7 of the Group's ongoing leases obligations are considered to be onerous. Provisions have been made for all 7 stores, reflected in note 35. The Group will continue to closely monitor store performance and optimize its store portfolio.

30. Group Pension Arrangements

The Group operates a funded pension scheme in the UK, which offers both pensions in retirement and death benefits to members. The scheme has both defined benefit and defined contribution sections, although the defined contribution section is relatively small.

The scheme is closed to new members. With effect from 1 September 2005, the defined contribution section was established and in-service members ceased to accrue benefits within the defined benefit section, although such members' pension benefits remain linked to their final salary at retirement and their length of service before 1 September 2005.

Except where stated otherwise, this note refers only to the defined benefit section of the scheme.

A full actuarial valuation is being carried out as at 31 August 2017 in accordance with the scheme funding requirements of the Pensions Act 2004. The funding of the plan is agreed between the Group and the trustees in line with those requirements. In particular, these require the surplus or deficit to be calculated using prudent, rather than best-estimate, actuarial assumptions.

The most recently completed actuarial valuation as at 1 September 2014 showed a deficit of £8,639,000. The Group has agreed a schedule of contributions with the Trustees and, with these payments, we expect to have eliminated the deficit in 10 years and 5 months from a starting point of 1 November 2015. In addition to the Group's contributions on behalf of members of the scheme, the Group's deficit contributions to the defined benefit section of the scheme for the period beginning 1 July 2018 are £950,000. At the time of writing this, the Group have yet to agree final contributions with trustees based on the 2017 valuation to reduce the deficit in the defined benefit pension scheme. In addition, and in accordance with the actuarial valuation, the Group has agreed with the Trustees that it will pay the cost of insurance premiums, the expenses associated with running the scheme and levies to the Pension Protection Fund.

For the purposes of IAS19, the preliminary results of the actuarial valuation as at 31 August 2017, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 June 2019. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

30. Group Pension Arrangements continued

The major assumptions used by the actuary are (in nominal terms) as follows:

	As at 30 Jun 2019	As at 30 Jun 2018	As at 30 Jun 2017	As at 30 Jun 2016	As at 30 Jun 2015
Discount rate	**2.25%**	2.65%	2.60%	3.05%	3.00%
Rate of salary increase	**3.25%**	3.15%	3.20%	2.90%	2.80%
Rate of increase to inflation – linked pensions in payment	**2.40%**	2.30%	2.30%	2.00%	2.00%
Rate of increase in revaluation in deferment	**2.25%**	2.15%	2.20%	1.90%	2.00%
Rate of inflation	**3.25%**	3.15%	3.20%	2.90%	2.80%

Life expectancy at age 65:	As at 30 Jun 2019 years	As at 30 Jun 2018 years	As at 30 Jun 2017 years	As at 30 Jun 2016 years	As at 30 Jun 2015 years
Male currently 65	**20.7**	20.3	20.4	20.9	20.6
Male currently 45	**22.1**	21.6	21.8	22.7	22.4
Female currently 65	**22.6**	22.1	22.2	23.3	23.1
Female currently 45	**24.1**	23.6	23.7	25.1	24.9

The Assets in the Scheme are as follows:

	Percentage of scheme assets	Value at 30 June 2019 £000	Percentage of scheme assets	Value at 30 June 2018 £000
UK equities	**26.55%**	**12,521**	28.10%	12,903
Overseas equities	**37.18%**	**17,535**	38.10%	17,529
Corporate bonds	**11.20%**	**5,282**	11.20%	5,150
Government bonds	**3.22%**	**1,521**	3.20%	1,481
Diversified Growth Funds	**17.14%**	**8,086**	16.20%	7,472
Insured annuities	**1.00%**	**473**	3.80%	1,741
Cash	**3.71%**	**1749**	(0.60%)	(276)
	100.00%	**47,167**	100.00%	46,000
Actual return on assets over period was		**2,908**		3,514

None of the fair values of the assets shown above include any direct investments in the Company's own financial instruments or any property occupied by, or other assets used by, the Company. All of the scheme assets have a quoted market price in an active market with the exception of the Trustees' bank account balance, which is a cash amount, and the insured annuities, which are valued on a consistent basis to the liabilities.

30. Group Pension Arrangements continued

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Value at 30 June 2019 £000	Value at 30 June 2018 £000
Benefit obligation at the beginning of the period	57,051	59,524
Interest cost	1,477	1,491
Re-measurements		
(i) Actuarial (gains)/losses arising from changes in financial assumptions	4,238	(564)
(ii) Actuarial (gains)/losses arising from changes in demographic assumptions	1,027	(349)
(iii) Actuarial (gains)/losses arising from changes in experience	43	1,568
Benefits paid	(2,691)	(1,832)
Liabilities extinguished on settlements	–	(2,579)
Past service costs	978	(250)
Expenses	56	42
Benefit obligation at the end of the period	62,179	57,051

Reconciliation of opening and closing balances of the fair value of plan assets	Value at 30 June 2019 £000	Value at 30 June 2018 £000
Fair value of plan assets at the beginning of the period	46,000	45,709
Interest income on plan assets	1,196	1,148
Re-measurement gain on scheme assets	1,712	2,366
Contributions by employer	950	938
Benefits paid	(2,691)	(1,832)
Assets distributed on settlements	–	(2,329)
Fair value of plan assets at the end of the period	47,167	46,000

Statement of financial position reconciliation	30 June 2019 £000	30 June 2018 £000
Statement of financial position liability at the beginning of the period	11,051	13,815
Pension expense recognised in SOCI in the financial period	1,315	(115)
Recognised actuarial losses/(gains) in other comprehensive income	3,596	(1,711)
Employer contributions made in the financial period	(950)	(938)
Statement of financial position liability at the end of the period	15,012	11,051

The amounts recognised in the Group Statement of Comprehensive Income are:	2019 (52 weeks) £000	2018 (52 weeks) £000
Net interest expense (note 7)	281	343
Past service costs	978	(250)
(Gain) from settlements	–	(250)
Life assurance premiums	56	42
Defined benefit costs/(gains) recognised in Comprehensive Income	1,315	(115)

30. Group Pension Arrangements continued

History of scheme assets, obligations and adjustments arising from experience and changes in assumptions:

	As at 30 June 2019 £000	As at 30 June 2018 £000	As at 30 June 2017 £000	As at 30 June 2016 £000	As at 30 June 2015 £000
Present value of defined benefit obligation	**62,179**	57,051	59,524	57,325	57,379
Fair value of scheme assets	**47,167**	46,000	45,709	41,153	39,604
Deficit in the scheme	**(15,012)**	(11,051)	(13,815)	(16,172)	(17,775)
Experience adjustments arising on scheme liabilities	**(5,308)**	655	(2,397)	316	(11,470)
Experience item as a percentage of scheme liabilities	**-9%**	1%	-4%	1%	-20%
Experience adjustments arising on scheme assets	**1,712**	2,366	4,333	745	2,025
Experience item as a percentage of scheme assets	**4%**	5%	10%	2%	5%

Sensitivity of the defined benefit obligation	Change in assumption %	Increase in liabilities £000
Discount rate	-0.25	2,674
Rate of price inflation	+0.25	808

	Change in assumption	Increase in liabilities £000
Life expectancy	+1 year	1,990

The scheme is exposed to a number of risks, the most significant risks are detailed below:

Volatility

The defined benefit obligation is measured with reference to corporate bond yields and if scheme assets underperform relative to this yield, this will create a deficit, all other things being equal. The scheme investments are well diversified such that the failure of any single investment would not have a material impact on the overall level of the assets.

Changes in bond yields

A decrease in the corporate bond yields will increase the measure of the defined benefit obligation. This will, however, be offset to some extent by the increase in the value of the plan's asset holdings.

Inflation risk

Some of the benefits in deferment and in payment are linked to price inflation and so higher actual inflation and higher assumed inflation will increase the measure of the defined benefit obligation.

Life expectancy

The defined benefit obligation is generally made up of benefits payable for life and so increases to member's life expectancies will increase the measure of the defined benefit obligation, all other things being equal.

Expected future cash flows	£000
Expected contributions in period commencing 1 July 2019	950

	Years
Weighted-average duration of the defined benefit obligation at 30 June 2019	17

Investment Strategy

The current strategy is to invest approximately 80% in a selection of growth assets, including global and UK equities and diversified growth funds, and 20% in bond assets, primarily UK corporate bonds. The Trustees however are currently undergoing a strategy review and have provisionally agreed to de-risk the investments by holding approximately 40% in a selection of growth and alternative assets, 20% in liability driven investments, which aim to increase the inflation and interest rate hedging in place to reduce volatility of the scheme funding level, and 40% in cash flow driven investments which are bond based investments which aim to generate income to best match the expected cash flows due from the scheme. The new strategy is expected to be implemented in the coming months.

31. Related Party Transactions

Group	Sales to related parties £m	Royalty income from related parties £m	Amounts owed by/(to) related parties £m
Year ended 30 June 2019			
Laura Ashley Japan Co., Limited	–	0.2	0.4
Laura Ashley, Inc.	0.1	1.6	0.4
Laura Ashley (SEA) Sdn. Bhd.	0.1	–	0.6
Corus Hotels Group	–	–	0.1
Year ended 30 June 2018			
Laura Ashley Japan Co., Limited	5.4	2.2	2.2
Laura Ashley, Inc.	0.1	1.8	0.2
Laura Ashley (SEA) Sdn. Bhd.	0.1	–	0.5
Corus Hotels Group	0.1	–	0.1

Laura Ashley Japan Co., Limited is an associated undertaking (note 32).

Laura Ashley, Inc. is owned by Laura Ashley (North America) Inc., which is a wholly-owned subsidiary of Regent Corporation Inc. (an associated company of Malayan United Industries Berhad). Mr Ng Kwan Cheong was appointed to the Boards of Laura Ashley Inc., Laura Ashley (North America) Inc. and Regent Corporation Inc. on 1 October 2009.

During the financial period ended 30 January 2010, Laura Ashley Limited granted Licensing and Franchising rights to Laura Ashley (SEA) Sdn. Bhd. (formerly MJ Accessories Sdn. Bhd.), a subsidiary of Metrojaya Berhad (a subsidiary company of Malayan United Industries Berhad), in relation to the Malaysian and Singaporean territories. Total sales to Laura Ashley (SEA) Sdn. Bhd. during the financial period ended 30 June 2019 were £0.1 million (2018: £0.1 million). The amount owing by Laura Ashley (SEA) Sdn. Bhd. as at the statement of financial position date was £0.6 million (2018: £0.5 million).

Malayan United Industries Berhad has the right to appoint up to three Directors to the Board of Laura Ashley Holdings plc.

On 9 November 2011, Laura Ashley Hotel Elstree Limited acquired Edgewarebury Corus Hotel in Elstree from Corus Hotels Limited, a subsidiary of Malayan United Industries Berhad. The Group disposed of the hotel on 15 February 2019. Andrew Khoo was appointed to the Board of Corus Hotels Limited in 2019.

Company

During the period, the Company's transactions with Group companies were as follows:

	12 months to 30 June 2019 £m	12 months to 30 June 2018 £m
Rental income	0.3	0.3
Dividends received	–	–

The Company has outstanding balances with Group companies as disclosed in notes 19 and 20, and has investments in Group companies as detailed in note 32.

32. Group Undertakings

Subsidiaries	Principal Activities	Country of Incorporation
Laura Ashley Limited*	Retail and Franchising	England and Wales
Laura Ashley Investments Limited*	Licensing	England and Wales
Texplan Manufacturing Limited*	Manufacturing	England and Wales
Premier Home Logistics Limited	Distribution	England and Wales
Bagleys Investments Limited*	Investment Holding	England and Wales
Fast Properties Limited*	Investment Holding	England and Wales
Laura Ashley Hotels Holdings Limited*	Investment Holding	England and Wales
Laura Ashley Hotel Elstree Limited	Hotel	England and Wales
Laura Ashley Holdings B.V.*	Investment Holding	Netherlands
Laura Ashley Manufacturing B.V.	Dormant	Netherlands
Parfums Laura Ashley S.A.	Dormant	Switzerland
Laura Ashley S.A.	Retail	France
Laura Ashley GmbH	Dormant	Germany
Laura Ashley Espana S.A.	Dormant	Spain
Laura Ashley (Ireland) Limited*	Retail	Ireland
Laura Ashley Hong Kong Limited*	Dormant	Hong Kong
Laura Ashley (Asia) Pte Ltd*	Retail	Singapore
Laura Ashley Japan Company GK*	Licensing	Japan

*Held directly by Laura Ashley Holdings plc

All subsidiary companies are ultimately owned by the Company.

Subsidiaries	Registered Address
Laura Ashley Limited	27 Bagleys Lane, Fulham, London, UK. SW6 2QA
Laura Ashley Investments Limited	27 Bagleys Lane, Fulham, London, UK. SW6 2QA
Texplan Manufacturing Limited	27 Bagleys Lane, Fulham, London, UK. SW6 2QA
Premier Home Logistics Limited	27 Bagleys Lane, Fulham, London, UK. SW6 2QA
Bagleys Investments Limited	27 Bagleys Lane, Fulham, London, UK. SW6 2QA
Fast Properties Limited	27 Bagleys Lane, Fulham, London, UK. SW6 2QA
Laura Ashley Hotels Holdings Limited	27 Bagleys Lane, Fulham, London, UK. SW6 2QA
Laura Ashley Hotel Elstree Limited	27 Bagleys Lane, Fulham, London, UK. SW6 2QA
Laura Ashley Holdings B.V.	Zuidplein 116 Tower H, Level 14, 1077 XV Amsterdam
Laura Ashley Manufacturing B.V.	Zuidplein 116 Tower H, Level 14, 1077 XV Amsterdam
Parfums Laura Ashley S.A.	BFB Fiduciaire, Av Beauregard, 1700 Fribourg, Switzerland
Laura Ashley S.A.	1, rue de Sfax, 75016 Paris, France
Laura Ashley GmbH	Königsallee 100, 40215 Düsseldorf, Germany
Laura Ashley Espana S.A.	Calle Velazquez 63, Madrid, Spain
Laura Ashley (Ireland) Limited	Unit 8B, West End Retail Park, Blanchardstown, Dublin 15, Ireland
Laura Ashley Hong Kong Limited	Room 1802, 18/F, Enterprise Square, Tower I, No.9 Sheung Yuet Road, Kowloon, Hong Kong
Laura Ashely (Asia) Pte Ltd	29 New Industrial Road, Singapore 536213
Laura Ashely Japan Company GK	Honey Building 5th floor, 35-8, Jingumae 3-chome, Shibuya-ku, Tokyo, Japan

Associated Undertaking	Country of Incorporation
Laura Ashley Japan Co., Limited	Japan

32. Group Undertakings continued

26.79% of the issued ordinary share capital of Laura Ashley Japan Co., Limited is held by Laura Ashley Holdings plc as at 30 June 2019 (2018: 26.79%).

Group undertakings are involved in the design, manufacture, sourcing, distribution and sale of Laura Ashley products. All Group undertakings are unlisted.

33. Dividend Payments

	2019 £m	2018 £m
Dividends paid	–	–

No dividends were declared or paid during the financial period to 30 June 2019 (2018: £Nil).

34. Share Options

Employee Benefit Trust

In July 1995, the Company established a discretionary employee benefit trust (the 'EBT'), the Laura Ashley Employee Share Ownership Trust, for the benefit of employees and former employees of the Group (including Executive Directors). The trustee is Kleinwort Hambros (Jersey) Trustees Limited (the 'Trustee'), which is an independent professional trust company. The Company makes recommendations to the trustees in relation to the provision of benefits.

At 30 June 2019, the Trustee owned 2,487,992 (2018: 2,487,992) ordinary shares of 5 pence each representing 0.33% (2018: 0.33%) of the Company's issued share capital and with a market value on that date of £0.5m (2018: £0.5m). The EBT has waived its rights to dividends on all shares.

The EBT was originally funded by an interest free loan of £5.0 million from the Company under a loan agreement. In 1995, the EBT purchased 2,487,992 shares for £3.2m at £1.294 per share. The total costs incurred by the EBT for the said share purchase were £3.4 million inclusive of transaction costs of £0.2 million. The balance of loan not utilised of £1.6 million was then returned by the EBT to the Company as it was not needed.

Due to the uncertainty in receiving the full settlement of the loan from the EBT, the Company made a provision of £2.4 million at 31 January 1998. At the same time, the value of the shares held by the EBT was written down from £3.2 million to £0.8 million based on the then current market price of 34.5 pence. On 30 June 2018 value of the shares was reinstated to their original cost of £3.2m.

For the financial period ended 30 June 2019, the costs charged to the Group Statement of Comprehensive Income for administrative costs were £2,000 (2018: £2,000).

35. Exceptional Items

Exceptional items have been presented within various categories on the face of the Statement of Comprehensive Income rather than shown as a single line item. Non-store redundancy costs have been included within operating expenses.

	2019 £m	2018 £m
Impairment of property	(0.2)	(4.7)
Store closure costs	(0.7)	(0.8)
Bad debt write off	(0.9)	–
Onerous lease provision	(0.5)	–
Investment in associate write off	(1.3)	–
Pension GMP Equalization	(0.9)	–
Exceptional (loss)	(4.5)	(5.5)

There is also an exceptional charge in the Company during the year amounting to £25.5m (2018 restated: £25.9m). Refer to note 16.

36. Borrowing

The Group has no borrowings at 30 June 2019. The Group's cash position is £0.8m. The Group has in place a facility of up to £20 million with Wells Fargo Capital Finance (UK) Limited to cover future debt requirements.

37. Financial Instruments – Fair Value and Risk Management

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the Group could access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Carrying amount				Fair value			
30 June 2019 (in £m)	Fair value – hedging instrument	Other financial assets	Other financial liabilities	**Total**	Level 1	Level 2	Level 3	**Total**
Financial liabilities								
Forward exchange contracts	–	–	–	–	–	–	–	**–**
Secured bank loan	–	–	–	–	–	–	–	**–**
Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Group Financial Record

Period ended 30 June 2019 Statement of Comprehensive Income	2019 (52 wks) £m	2018 (52 wks) £m	2017 (52 wks) £m	2016 (74 wks) £m	2015 (53 wks) £m	2014 (52 wks) £m	2013 (52 wks) £m	2012 (52 wks) £m	2011 (52 wks) £m	2010 (52 wks) £m
Revenue	**232.5**	257.2	277.0	400.9	303.1	294.5	298.8	285.9	285.0	268.4
Profit from operations	**(9.0)**	6.4	11.0	27.9	21.9	19.1	19.3	18.3	19.8	11.8
Share of operating (loss)/profit of associate	**0.0**	0.0	(1.4)	(1.9)	(0.5)	0.5	1.4	0.8	0.5	(1.1)
Dividend received	**–**	0.0	–	–	–	0.1	–	–	–	–
Net finance (costs)/income	**(0.8)**	(0.8)	(1.2)	(1.3)	(0.4)	(0.4)	(0.6)	(0.3)	(1.0)	(0.6)
Profit before taxation and exceptional items	**(9.8)**	5.6	8.4	24.7	21.0	19.3	20.1	18.8	19.3	10.1
Exceptional items	**(4.5)**	(5.5)	(2.1)	(1.9)	0.6	1.2	–	(0.4)	4.8	0.9
Profit before taxation	**(14.3)**	0.1	6.3	22.8	21.6	20.5	20.1	18.4	24.1	11.0
Taxation	**0.3**	(1.5)	(2.3)	(6.9)	(5.2)	(4.8)	(5.4)	(5.4)	(4.8)	(5.2)
Profit for the financial year	**(14.0)**	(1.4)	4.0	15.9	16.4	15.7	14.7	13.0	19.3	5.8

Balance Sheet	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Non-current assets	**11.5**	51.6	56.8	64.1	30.5	32.0	40.4	37.5	32.1	43.4
Net current assets	**24.4**	15.5	12.9	18.5	30.2	26.6	30.5	30.1	35.5	13.9
Non-current liabilities	**(15.7)**	(30.7)	(34.3)	(38.7)	–	–	–	–	–	–
Provision for liabilities and charges	**–**	–	–	–	(18.7)	(10.0)	(11.4)	(7.2)	(7.9)	(8.1)
Net assets	**20.2**	36.4	35.4	43.9	42.0	48.6	59.5	60.4	59.7	49.2
Issued share capital	**37.3**	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3
Reserves	**(17.1)**	(0.9)	(1.9)	6.6	4.7	11.3	22.2	23.1	22.4	11.9
Equity shareholders' funds	**20.2**	36.4	35.4	43.9	42.0	48.6	59.5	60.4	59.7	49.2

Statistics										
Adjusted earnings per share*	**–1.92p**	0.56p	0.84	2.40p	2.26p	2.15p	2.02p	1.79p	2.65p	0.80p
Dividends per share	**Nil**	Nil	0.50p	2.50p	2.00p	3.50p	2.00p	2.00p	1.50p	1.00p
Profit from operations as a percentage of revenue	**–3.9%**	2.5%	4.0%	7.0%	7.2%	6.5%	6.5%	6.4%	6.9%	4.4%
Profit before taxation as a percentage of net assets	**–70.7%**	0.3%	15.1%	51.9%	51.4%	42.2%	33.8%	30.5%	40.4%	22.4%
Net asset value per ordinary share*	**2.77p**	5.04p	4.87p	6.04p	5.78p	6.68p	8.64p	8.30p	8.20p	6.76p

* Excludes treasury shares.

Notice of 2019 Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent advisor authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your shares in Laura Ashley Holdings plc, please forward this document, together with the accompanying Form of Proxy, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice is hereby given that the Annual General Meeting ("AGM") of Laura Ashley Holdings plc ("Company") will be held at Corus Hotel Hyde Park, Lancaster Gate, London W2 3LG on 30 October 2019 at 10:30am for the transaction of the following business:

Ordinary Business

To consider and, if thought fit, pass Resolutions 1 to 5 inclusive which will be proposed as Ordinary Resolutions:

1. To receive, acknowledge and adopt the Directors' Report, the Group Strategic Report and the Financial Statements for the year ended 30 June 2019 together with the signed and dated Auditor's Report.

2. To re-elect Mr Ng Kwan Cheong, who retires by rotation in accordance with the Articles of Association of the Company ("Articles") as an Executive Director.

3. To elect Mr David Cook, who offers himself for election in accordance with the provision B.7.1 of the UK Corporate Governance Code, as a Non-Executive Director.

4. To appoint UHY Hacker Young LLP, as Auditors to the Company, to hold office from the passing of this resolution, to the conclusion of the next AGM of the Company, at which the accounts are laid before shareholders and to authorise the Directors to determine the remuneration of the Auditors.

5. To approve the Directors' Remuneration Report for the year ended 30 June 2019.

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 to 9 will be proposed as Special Resolutions.

6. THAT, in addition to and without prejudice or limitation to all existing authorities, the Directors shall have general and unconditional authority to exercise all powers of the Company to allot ordinary shares of 5 pence each in the capital of the Company ("Shares") and to grant rights to subscribe for, and convert securities into, Shares ("Rights") pursuant to Section 551 of the Companies Act 2006 (the "2006 Act"), having an aggregate nominal value of up to £12,309,583.57 provided that this authority shall expire at the conclusion of the next AGM of the Company, or 15 months from the date of this Resolution, whichever is the earlier (unless previously revoked, varied or extended by the Company in a general meeting), save that the Company may before such expiry make an offer or agreement which would or might require Shares to be allotted or Rights to be Granted after such expiry and the Directors may allot Shares or grant Rights in pursuance of such offer or agreement as if the authority hereby conferred had not expired.

7. THAT, subject to the passing of Resolution 6 set out in this notice and in addition to and without prejudice to all existing authorities, the Directors be and are hereby generally empowered pursuant to Sections 571 and 573 of the 2006 Act to allot or make offers or agreements to allot equity securities (as defined in Section 560(1) of the 2006 Act) for cash, pursuant to the authority conferred by Resolution 6 above, or by way of a sale of treasury shares, as if Section 561(1) of the 2006 Act did not apply to any such sale or allotment provided that this power shall be limited to:

   (a) the allotment (otherwise than pursuant to sub-paragraph (b) below) of equity securities which are, or are to be, wholly paid up in cash, or a sale of treasury shares, to any person up to an aggregate nominal amount equal to £1,819,407.17 representing 5% of the issued share capital (excluding treasury shares) of the Company; and

   (b) the allotment of equity securities in connection with a rights issue, open offer or otherwise to ordinary shareholders in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them subject to (i) the Directors having a right to aggregate and sell for the benefit of the Company all fractions of a share, which may arise in apportioning equity securities among the ordinary shareholders of the Company; and (ii) such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to legal or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, or by virtue of the ordinary shares being represented by depositary receipts in any overseas territory, and in each case, shall expire at the conclusion of the next AGM of the Company, or 15 months from the date of this Resolution, whichever is the earlier (unless previously revoked, varied or extended by the Company in a general meeting), provided that the Company may before such expiry, 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 offer or agreement as if the power hereby conferred had not expired.

8. THAT, in addition to and without prejudice to all existing authorities, the Company is hereby granted general and unconditional authority for the purpose of Section 701 of the 2006 Act to make one or more market purchases (within the meaning of Section 693(4) of the 2006 Act) of its own Shares provided that:

   (a) the aggregate number of Shares which shall be purchased shall not exceed such number of Shares (rounded down to the nearest whole Share) as shall equal 10% of the Shares in issue at the date of the passing of this Resolution;

   (b) the minimum price which may be paid for a Share is the lower of (i) the average of the middle market quotations for a Share in the Company taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date on which the Company agrees to buy the Shares concerned and (ii) 5 pence (the nominal value thereof);

   (c) the maximum price which may be paid for a Share (excluding expenses) shall be the higher of (i) an amount equal to 5% above the average of the middle market quotations for a Share in the Company taken from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date on which the Company agrees to buy the Shares concerned and (ii) the price stipulated by Article 5(6) of the Market Abuse Regulation (EU) No 596/2014;

   (d) the authority conferred by this Resolution shall expire at the conclusion of the next AGM of the Company, or 15 months from the date of this Resolution, whichever is the earlier (unless previously revoked, varied or extended by the Company in a general meeting); and

   (e) the Company may before such expiry make an offer or agreement where the purchase will or may be executed after the authority terminates (either wholly or in part) and the Directors may complete such purchase in pursuance of such offer or agreement as if the power hereby conferred had not expired.

9. That a general meeting (rather than an annual general meeting) may be called on not less than 14 clear days' notice.

By Order of the Board

Sai Hup Fong
Company Secretary

27 Bagleys Lane, Fulham,
London SW6 2QA

6 September 2019

Notes

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only holders of ordinary shares registered in the Register of Members of the Company as at close of business on 28 October 2019 shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after close of business on 28 October 2019 shall be disregarded in determining the right of any person to attend and vote at the AGM. A member of the Company who is entitled to attend and vote at the AGM convened by this Notice may attend the AGM at Corus Hotel Hyde Park, Lancaster Gate, London W2 3LG.

2. A member of the Company who is entitled to attend and vote at the AGM convened by this Notice, may appoint one or more proxies to attend, speak and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company. More than one proxy may be appointed provided each proxy is appointed to exercise rights attached to different shares. More than one proxy may not be appointed to exercise rights attached to any one share. A form of proxy is enclosed. In order to be valid, an instrument appointing a proxy and any power of attorney under which it is executed (or a notarially certified copy thereof) must be deposited at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 10.30 am, Monday, 28 October 2019. The completion and return of a form of proxy will not, however, preclude shareholders from attending and voting in person at the AGM should they so wish. Alternatively a member may appoint a proxy, or may wish to vote electronically, at www.eproxyappointment.com. Please see the form of proxy for further details.

3. Copies of the Directors' service contracts and letters of appointment will be available for inspection at 27 Bagleys Lane, Fulham, London SW6 2QA, during normal business hours on any weekday (public holidays excluded) from the date of this Notice until the date of the AGM, and for 15 minutes prior to and during the AGM.

4. Any member attending the AGM has a right to ask questions. The Company must answer any question asked relating to the business being dealt with unless (a) answering the question unduly interferes with the preparation of the AGM or involves the disclosure of confidential information (b) the answer has already been provided on the website (c) the question is undesirable in the Company's interests or good order of the AGM.

5. A copy of this Notice and information regarding the AGM is available on www.lauraashley.com.

6. Any member is permitted to notify the Company of any resolution to be moved and other matters to be added to the business of the AGM provided it is not defamatory of any person, frivolous or vexatious.

7. The Company's issued share capital comprised 746,035,368 ordinary shares. To the exclusion of 18,272,500 treasury shares, each ordinary share carries the right to one vote at a general meeting of the Company. Therefore, the total number of voting rights in the Company as at that date is 727,762,868.

8. Under Section 527 of the 2006 Act, members meeting the qualification criteria set out in that section have the right to require the Company to publish on its website, a statement setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) the circumstances connected with an auditor ceasing to hold office since the previous AGM at which annual accounts and reports were laid in accordance with Section 437 of the 2006 Act. The Company may not require the members making the request to pay any expenses incurred by the Company in complying with the request. Where the Company is required to place a statement on a website under Section 527 of the 2006 Act, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website. The statement may be dealt with as part of the business of the meeting.

9. You may not use any electronic address provided either in this notice of AGM (or any related documents) to communicate with Company for any purposes other than those expressly stated.

Shareholders' Information

As at 21 August 2019

Shareholders' Helpline Number: 0370 707 1110

Computershare Services PLC, the Company's Registrar, has introduced a facility where shareholders are able to access details of their shareholding over the internet, subject to passing an identity check. You can access this service by visiting www.investorcentre.co.uk. The site also includes information on recent trends on the Company's share price.

Financial Calendar

Annual General Meeting

10.30am, Wednesday 30 October 2019

Proxies to reach Registrars prior to

10.30am, Monday 28 October 2019

Meeting to be held at

Corus Hotel Hyde Park
Lancaster Gate
London W2 3LG

Accounting Periods 2019/20

First half-year ends

December 2019

Second half-year ends

June 2020

Trademarks

LAURA ASHLEY


laura ashley
FOR THE WAY YOU LIVE