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Directors and Management

at 17 May 1982

President

Douglas A. Reed

Directors

Barry St. G. A. Reed MC DL *Chairman and Chief Executive*

David C. F. Pearson MA *Deputy Chairman*

Peter J. Reed

David M. Anderson CA

C. Roy Ward

Neil H. L. Fitton

Secretary

Geoffrey J. Tubb FCIS

Registered Office

London Office 103 Regent Street London W1A 2AJ

Transfer Office

P.O. Box 2 Thirsk North Yorkshire YO7 1PF

Auditors

Coopers & Lybrand Chartered Accountants

Abacus House Gutter Lane London EC2V 8AH

Principal Bankers

National Westminster Bank PLC

75 Cornhill London EC3V 3NN

County Bank Limited

11 Old Broad Street London EC2N 1BB

Robert Fleming & Co. Limited

8 Crosby Square London EC3A 6AN

Stockbrokers

L. Messel & Co.

100 Old Broad Street London EC2P 2HX

Group and Divisional Management

GROUP

Barry St. G. A. Reed MC DL *Chairman and Chief Executive*

David M. Anderson CA *Financial Director*

Geoffrey J. Tubb FCIS

Roy Dyer

John Yellowlees

RETAIL

UNITED KINGDOM

Peter J. Reed *Managing Director*

C. Roy Ward *Assistant Managing Director*

Derek J. Allum

Graeme L. Tonge

Anthony W. Schooling

David J. Gale

THE NETHERLANDS

Eduard H. G. Pelger *Non-executive Chairman*

Karel J. Huisman *Managing Director*

MANUFACTURING

CHESTER BARRIE

Neil H. L. Fitton *Managing Director*

Bert E. Barker

Colin M. L. Evans

Angelo Vittucci *Non-executive Director*

HARRY HALL AND BLADEN

Ronald O. J. Buckland *Deputy Chairman*

James H. J. Crawley

George Radsma

HONORBILT

Jack Learder Cramer *Managing Director*

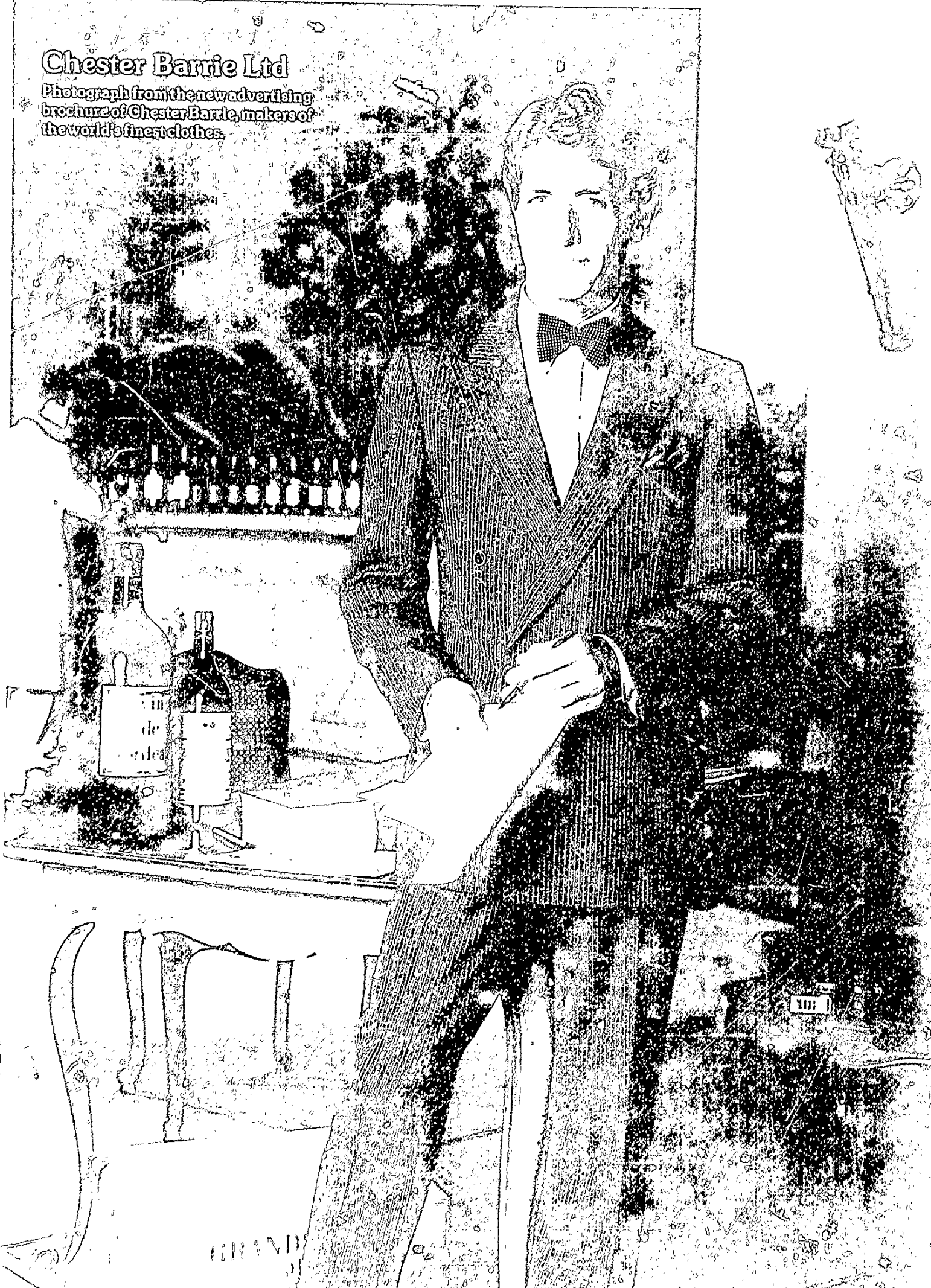
James H. J. Crawley

STEEUENS BROTHERS

Robert D. Moore *Managing Director*

Chester Barrie Ltd

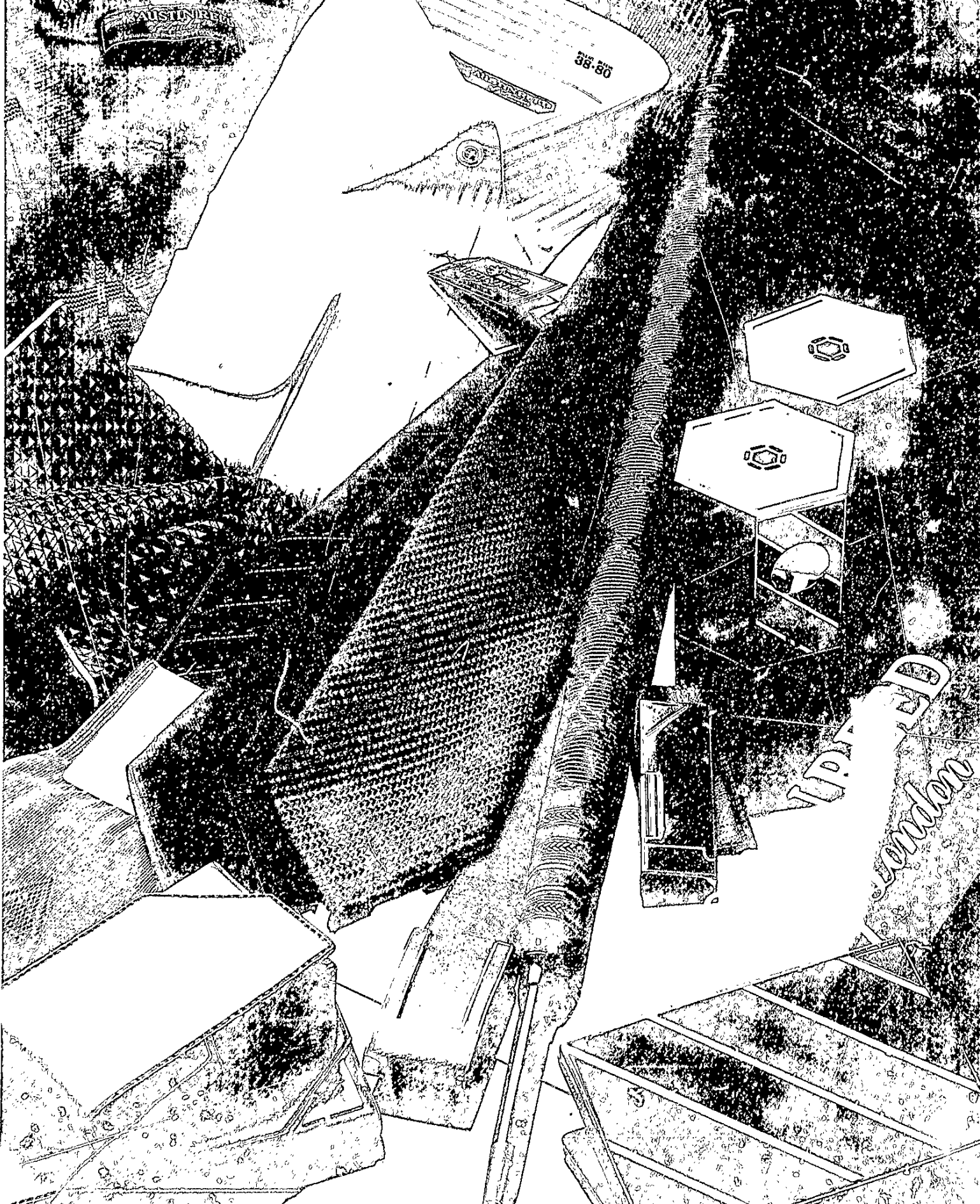
Photograph from the new advertising
brochure of Chester Barrie, makers of
the world's finest clothes.



GRAND

Overseas

A selection of quality items available in Japan under the Austin Reed of London Label.



Chairman's Review

To our Shareholders:

Royal Occasion

The cover of this Report shows HRH The Princess of Wales switching on the Regent Street Christmas lights from the second floor balcony of our 'flagship' store on 18th November 1981. Her Royal Highness's first solo public engagement following her marriage, the event was witnessed by large crowds and on television by millions throughout the world. It was a great honour for your Company to have been able to act as host on this memorable occasion.

Results

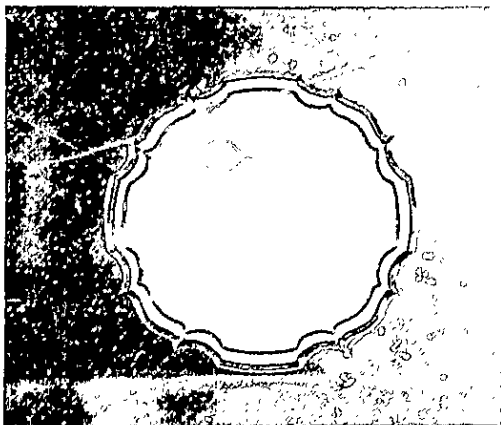
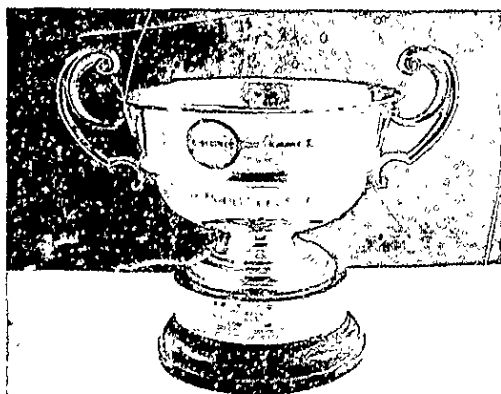
Having announced very poor interim figures, I am pleased to report a 37% rise in profit before taxation for the Autumn season and a consequent increase for the year as a whole. This stemmed mainly from an improvement in retail sales, higher income from our activities in the United States and Japan and a tight rein being kept on all controllable expenses.

During the year we undertook a major review of each profit centre in order to ensure a better return on investment. This resulted in three further branch closures, staff reductions in both retailing and manufacturing and the disposal of our three Swedish stores. The total non-recurring cost of this reorganisation is shown under Extraordinary Items in the Profit and Loss statement. In the previous year we enjoyed a surplus under this heading following the sale of our Glasgow freehold.

As a result of this action, and because of the higher tax charge, the profit attributable to Ordinary shareholders is substantially reduced. However, against what we believe is an improving trading background for your Company, the Directors are recommending that last year's total dividend of 3.36p be maintained.

Capital Expenditure

Having completed the major part of the modernisation and refurbishment of Regent Street, our capital expenditure programme in 1981/82 was at a more modest level. Nevertheless the Retail Division did open two new shops and spent money on the addition of Options ladies' departments at three further branches. On the manufacturing side a limited amount of new plant was purchased and improvements were made to factory layouts. Also, we reorganised the offices at our Service Centre in Thirsk following the installation of new data processing equipment.



The trophies for Austin Reed's annual business houses' squash championship

The Austin Reed Pension Fund

An actuarial valuation of our staff Pension Fund was carried out as at 31st March 1981 by our consultants, Martin Paterson Associates Limited. I am happy to report that the Fund continues to be in a strong financial position with more than sufficient assets to cover all pensions in payment, and the accrued benefits of in-service members based on projected salary levels at retirement date. I would like to thank our pension consultants, professional investment managers and other advisers for the able manner in which they assist the Trustees of the Fund.

Retail Trading

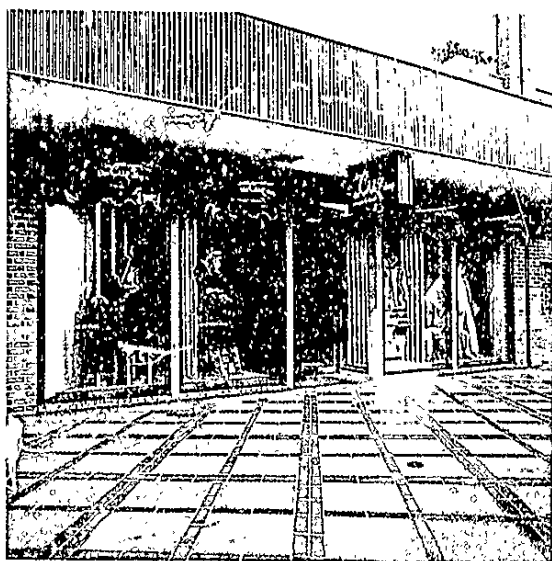
After the difficulties of the first six months, the majority of our retail shops experienced some improvement in trading conditions from September onwards and finished the 52 weeks, against 53 in 1980/81, with a small increase in turnover.

As forecast in my last Review, our buyers have done much to improve the competitiveness of our product range without any sacrifice of quality and this, at a time when price inflation in much of our merchandise is close to zero, has helped to achieve a volume increase in the sales of men's clothing. Also, with stocks well within budgeted levels, we had a successful and profitable end of year 'sale'.

Whilst substantial action has been taken to reduce overheads in every section of the business, we are still much affected by rising costs outside our immediate control, in particular occupancy charges for retail premises. With rents trebling or quadrupling on review and rates demanded without regard to the occupier's ability to pay, a perfectly successful shop can suddenly become a liability, placing those employed in it at risk. It is to be hoped with

Chairman's Review

the moderation of inflation that local authorities will curb their more excessive demands and be more conscious of their social responsibilities to all concerned.



Kingston-upon-Thames — Cue Shop

Notwithstanding this problem we remain interested in expanding our national network of shops whenever possible. The latest branches at Kingston-upon-Thames, Tunbridge Wells and Perth have done well and in June we shall open another new shop in Plymouth.

Options, our womenswear business, is proving a most successful development and we have achieved good results in the new departments that started in the Autumn at Fenchurch Street and Knightsbridge in London and at Tunbridge Wells. With the addition this Spring of Guildford and Leicester, we are looking forward to opening in at least another eight branches in the course of the next two seasons. Together with the Country Casuals concessions, our immediate sales target for womenswear is £5m, but we see no reason why in time this should not amount to a much higher proportion of total turnover.

Although overseas visitors are still thin on the ground compared with a few years ago, we have seen some return of confidence in London's West End and have been pleased with the reaction to the improvements made in our Regent Street store. Also, the successful introduction of womenswear has attracted many new customers.

During the year we have been examining ways and means of developing additional business at this important outlet; certain steps have already been put in hand and we shall be announcing others in due course.

Following their acquisition early in 1981, Swanns of Gold Street, Northampton and the small chain of Sir Shops in Scotland both made their budgeted contribution to Group profits. The latter has required some rationalisation but, now that this has been completed, we plan to start expanding its local coverage of the medium priced menswear market.

Sweden and Ireland

As our Swedish stores have now been sold to their respective managers, we shall suffer no further trading losses from this source. I should like warmly to thank Mr. Sven Åke Cason — the Chairman, Mr. Bengt Cason — the Managing Director, and the entire staff for the ready and happy co-operation we have enjoyed over the years and to wish them all well for the future.

Following an unsuccessful appeal against a sevenfold rent increase, we had to decide to close down our Dublin business this Spring. This shop traded quite satisfactorily for the past ten years but such an increase was clearly untenable. Again our appreciation is due to our Irish staff for their loyal efforts on behalf of the Company.

The Netherlands

As our remaining overseas retail interest, I am glad to report that Austin Reed — Pelger in The Hague, Rotterdam and Amsterdam had another successful year and achieved a record profit. With the introduction of our own womenswear at each of these shops, we look forward to the possibility of enlarging our representation in this market.

Austin Reed Overseas

Our income from sales of Austin Reed products in the United States and Japan reached £461,000 and a further substantial rise is anticipated in the current year.

Cisco Casuals, our relatively new licensee in America for shirts, knitwear and other sportswear garments, was recently acquired by Warnaco. This public company is well known and successful in the men's and women's apparel business and together with Hart Schaffner and Marx our trademarks in this important market could not be in better hands.

We continue to expand the range of merchandise available in Japan where Austin Reed is now regarded as an important brand. Amongst the new developments are an impressive range of quality knitwear and an attractively designed collection of pocket and table lighters. The initial sales of both these items have been most encouraging.

Manufacturing

Chester Barrie

This famous clothing business had another good year although its contribution was slightly down. Due to the strength of Sterling in the early part of 1981, export sales to Europe were harder to achieve but I am pleased to say that the factory has a full order book for the coming Winter season.

Chairman's Review

Chester Barrie continues to be unsurpassed as one of the very few top quality manufacturing tailors in the world. As such we are proud to have been chosen by Huntsman of Savile Row to manufacture their first ever collection of ready to wear clothing.

Overseas Chester Barrie clothes have begun to achieve good market penetration in the United States and are now available at some of the finest stores in that country. We received our first income from this source during the year.

More recently we have been examining ways and means of developing the Simon Ackerman label, a name also acquired when we purchased Chester Barrie. Last month we signed an agreement with Levorato SPA of Padua to manufacture and sell Simon Ackerman clothing in Italy.

Honorbilt

Primarily a trouser supplier to the domestic market, Honorbilt has experienced the full impact of the recession. However, by reducing the work force at the Nuneaton factory and by merchandising imports for the keener priced lines, a better performance was achieved. This change in business policy will take time to develop but we believe the company is now on a healthier footing for the future.



Countrywear by Harry Hall and Bladen

Harry Hall and Bladen

Following reorganisation and another difficult year's trading, we are beginning to see a significant upturn in this company's sales. Our stock replacement service for ridingwear is now working well and I am glad to say that we have recovered our position in certain overseas markets, particularly in the United States.

The main restraint on this business is lack of production for Bladen jackets and other country style garments. When this problem has been overcome, we are confident that good profits can be achieved.

Stephens Brothers

This company's men's and ladies' shirts stand at the better end of the market and are establishing an excellent reputation at home and abroad. Demand has been outstripping production and very recently we were able to acquire a second small factory at Bispham, Blackpool to which we shall transfer the manufacture of our ladies' range. Once this plant achieves full capacity, Stephens Brothers will be in an excellent position to increase its turnover and profits.

Director

Mr. Sidney Leader Cramer retires from the Board this May on reaching the age of 70. He will have completed no less than fifty-six years in the menswear trade.

Before founding Honorbilt, Sidney had created and developed a number of different clothing companies and his broad experience together with his wise counsel have been a considerable asset to your Group since he became a Director in 1974. Also, he played a leading rôle in our acquisition of Chester Barrie four years ago and, as Chairman, has guided that company back to full profitability and to its pre-eminent position in the industry.

In expressing our warm thanks for his major contribution to our affairs over the past decade, we wish him many years of continued good health and every future happiness.

Outlook

At the end of the first quarter, it is good to be able to report that our factories have healthier order books and that sales in our retail shops are running some 12% ahead of a year ago.

With the demise of so many outfitting businesses, your Directors believe that Austin Reed with its good value selection of quality clothing for men, and its growing reputation for womenswear, has an excellent opportunity to maintain and further develop its trade at home and abroad. This, together with the opportunities offered by the other famous brand names in your Group, will stand us in good stead as the economic clouds lift and hopefully the horizon brightens.

Finally, this Review would be incomplete without my colleagues and I expressing our warm appreciation to all those staff in our employ. Fewer and leaner than a year ago, they constitute a first class team and I know they are collectively looking forward to beating the Group's profit target and earning their first issue of shares under our new Share Ownership Scheme in 1983.

20 April 1982

Retail Branches and Sales Offices

at 17 May 1982

In the United Kingdom

LONDON	
103/113 Regent Street	MCLH
163/169 Brompton Road	MCL
78 Cheapside	MC
13/23 Fenchurch Street	MCL
The Brent Cross Shopping Centre	MC
BATH	
19 Milsom Street	MCL
BELFAST	
33 Donegall Place	MC
BEVERLEY	
Browns of Beverley	
58 Market Place	M
BIRMINGHAM	
The Shopping Centre and	MCL
39 Auchinleck Square	M
BLACKPOOL	
Abingdon Street	MCLJ
BOURNEMOUTH	
Westover Corner	MCL
BRIGHTON	
1 Churchill Square	MC
BRISTOL	
Queen's Road	MC
CAMBRIDGE	
16/17 Sidney Street	MC
CARDIFF	
120/123 Queen Street	MCL
CHELTENHAM	
62/64 The Promenade	MCL
CHESTER	
35 Bridge Street Row	MCL
COVENTRY	
12 Bull Yard	MCL
EDINBURGH	
124 Princes Street	MCLDJ
EXETER	
227 High Street	MC
GLASGOW	
35 Gordon Street	MC
GUILDFORD	
218 High Street	MCL
HARROGATE	
15 James Street	MCL
IPSWICH	
25/29 Butter Market	MC

KINGSTON-UPON-THAMES

5 Eden Walk	C
LEEDS	
37/39 Bond Street	MCLD
LEICESTER	
39 Belvoir Street	ML
LIVERPOOL	
27/29 Bold Street	MC
MANCHESTER	
4 Exchange Street	
St. Ann's Square	MCL
NEWCASTLE-UPON-TYNE	
61/67 Grey Street	M
NORTHAMPTON	
Swanns of Gold Street	ML
NORWICH	
38 London Street	MC
NOTTINGHAM	
7 Angel Row	MC
OXFORD	
38 Cornmarket Street	MC
PERTH	
9/15 St. John Street	ML
SHEFFIELD	
10 Barker's Pool	MC
SHREWSBURY	
25/26 The Square	ML
SOLIHULL	
55 Mill Lane	MCL
SOUTHAMPTON	
176/178 Above Bar	MC
STRATFORD-UPON-AVON	
40 High Street	MCL
TUNBRIDGE WELLS	
35 High Street	ML
WINDSOR	
137 Peascod Street	ML
WORCESTER	
14/14a Lychgate Centre	MCL
YORK	
8/9 Parliament Street	MCL

Also
Sir Shops Ltd
with 8 branches in Scotland.

In the Netherlands

AMSTERDAM	
Kalverstraat 71	ML
THE HAGUE	
Hoogstraat 16	ML
ROTTERDAM	
Coolsingel 91	ML

Sales Offices

UNITED KINGDOM	
Chester Barrie Ltd	
Weston Road	
Crewe	
Cheshire CW1 1BA	
and	
16/21 Sackville Street	
London W1A 4EZ	
Harry Hall Ltd and Bladen	
P.O. Box 3	
Thirsk	
North Yorkshire YO7 1TE	
Honorbilt Ltd	
Lawrence Road	
Tottenham	
London N15 4ES	
Stephens Brothers Ltd	
16/21 Sackville Street	
London W1A 4EZ	
USA	
Austin Reed of Regent Street	
101 North Wacker Drive	
Chicago	
Illinois 60606	
Chester Barrie London W1	
1290 Avenue of the Americas	
New York	
New York 10019	

JAPAN
Austin Reed of London
Mitsui & Co. Ltd
2-1 Ohtemachi
1-Chome
Chiyoda-Ku
Tokyo

Symbols

- M = Menswear
- C = Cue 'For the younger man'
- L = Ladieswear
- D = Danish Kitchen
- H = Hairdressing
- J = Ladies' Shoe Shop

Notice of Meeting

Notice is hereby given that the Sixty-second Annual General Meeting of the Company will be held on the 3rd floor of the Company's premises, 16/21 Sackville Street, London W1 on Thursday 10 June 1982 at 12 noon for the following purposes:

- 1 To receive and consider the Accounts and the Reports of the Directors and Auditors and to approve the trading results for the year.
- 2 To consider the declaration of a final dividend.
- 3 To consider the re-election of a Director.
- 4 To consider the re-appointment of Auditors.
- 5 To consider the following Special Resolution:
THAT the 10,000 'A' Preference shares of £1 each in the capital of the Company be hereby converted into 40,000 Ordinary shares of 25p each so as to form a single uniform class with the existing Ordinary shares of the Company.
- 6 To consider the following Special Resolution:
THAT the new Articles of Association a copy of which has been laid before the Meeting be hereby adopted in place of and to the exclusion of the existing Articles of Association of the Company.

Any member entitled to attend and vote at this meeting may appoint a proxy or proxies to attend and vote instead of him. A proxy need not also be a member of the Company.

Completed forms of proxy must be lodged at the Transfer Office of the Company not later than forty-eight hours before the time fixed for the meeting.

By Order of the Board

G.J. TUBB Secretary

17 May 1982

Notes:

1. Only members holding Ordinary shares are entitled to attend and vote at the above meeting.
2. Copies of all contracts of service whereunder Directors of the Company are employed by the Company or any subsidiary (other than contracts expiring, or determinable by the employing Company without payment of compensation, within one year) will be available for inspection at the Transfer Office of the Company during usual business hours (Saturdays and public holidays excluded) from 17 May 1982 until 10 June 1982 and also for fifteen minutes prior to and throughout the meeting.

Directors' Report

Your Directors have pleasure in submitting their Sixty-second Annual Report and Statement of Accounts for the year ended 31 January 1982.

Change of Name

Your Company was re-registered as a Public Limited Company under the Companies Act 1980 on 17 February 1982 and its name was changed to Austin Reed Group PLC. Your Directors do not feel that this purely formal change justifies the amendment of existing share certificates.

Equity Dividend

Your Directors recommend the payment of a final ordinary dividend of 2.46p per share, payable on 1 July 1982. This makes a total dividend for the year of 3.36p per share.

Activities

The Group's principal activities are the retailing and manufacture of quality apparel.

Share Capital

On 31 October 1981 the remaining 6,017 'A' Preference shares were redeemed at 107p per share. The Notice of Meeting overpage contains a resolution to convert the unissued shares of this class into Ordinary shares.

At 30 April 1982 Hart, Schaffner & Marx held 352,876 Ordinary shares which represents 14.05% of the issued capital of that class.

Your Company is not a 'Close Company' for the purposes of the Income and Corporation Taxes Act 1970.

Property

Your Company's freehold and long leasehold properties have been included in these accounts at the open market values for existing use purposes attributed to them in the valuations carried out in 1978 and 1981 respectively, together with subsequent purchases at cost.

Employees

The average numbers of employees and their aggregate remuneration were as follows:

	Number	Remuneration £
Retail—United Kingdom	792	3,945,146
—Overseas	91	799,124
Manufacturing—United Kingdom	832	3,092,025
—Overseas	115	298,639

Donations

During the year £4,101 was donated to charities.

Exports and Overseas Earnings

These include the following:

	1982 £	1981 £
Sales to trade customers abroad	3,226,386	3,638,256
U.K. merchandise exported to our stores abroad	1,165,399	1,563,268
Royalties received	503,008	277,404

We continue to earn foreign currency from overseas visitors shopping in our retail outlets in the United Kingdom.

Auditors

It is proposed to re-appoint Coopers & Lybrand as auditors at a fee to be agreed by your Directors.

Directors' Report

Turnover, Assets and Reserves

Details of turnover, movements in assets and reserves are set out in full in the Accounts.

Directors

The interests of your Directors in the shares of your Company were as follows:

	Class of shares	At 31 January 1982		At 1 February 1981	
		Beneficial interests	Other interests	Beneficial interests	Other interests
D. M. Anderson	Ordinary	6,000	4,967†	6,000	4,967†
	A Ordinary	3,000	—	3,000	—
S. Leader Cramer	Ordinary	16,900	—	16,900	—
	A Ordinary	40,600	6,000	40,600	6,000
N. H. L. Fitton	Ordinary	400	—	400	—
D. C. F. Pearson	Ordinary	1,600	—	1,600	—
B. St. G. A. Reed	Ordinary	56,052	4,967†	56,052	4,967†
	A Ordinary	25,363	—	25,363	—
P. J. Reed	Ordinary	39,786	—	39,786	—
	A Ordinary	35,639	—	40,639	—
C. R. Ward	Ordinary	50	—	50	—
	A Ordinary	7,024	—	6,024	—

† This holding is duplicated.

There were no variations in the above holdings between 31 January 1982 and 30 April 1982.

No Director had any material interest in any significant contract with the Company during the year.

Mr. S. Leader Cramer will retire from the Board on 10 May 1982 on reaching the age of 70 and will not seek re-election.

Mr. C. R. Ward will retire by rotation and will offer himself for re-election. His service contract is terminable at three years' notice.

Employment of Disabled Persons

It remains the policy of the Company to give full and sympathetic consideration to the employment, training, career development and promotion of disabled persons including those becoming disabled after their employment has commenced.

New Articles of Association

The enclosed circular to shareholders sets out the proposal to adopt new Articles of Association.

By Order of the Board

G. J. TUBB Secretary

4 May 1982



Consolidated Profit and Loss Account

	Note	1982 (52 weeks)		1981 (53 weeks)	
		£'000	£'000	£'000	£'000
Turnover					
Sales to retail customers in U.K.			29,323		26,941
Sales to retail customers overseas			6,184		6,461
Sales to trade customers			9,302		9,212
			<u>44,809</u>		<u>42,614</u>
Trading profit before taxation	1		2,030		1,756
Taxation	3		817		244
Trading profit after taxation			1,213		1,512
Extraordinary items	4		(364)		779
Profit after taxation and extraordinary items			849		2,291
£898,810 (1981: £2,135,798) was dealt with in the accounts of the Parent Company					-
Dividends					
Preference shares		19		20	
Ordinary shares		<u>592</u>		<u>588</u>	
			611		608
Retained profit	10		<u>238</u>		<u>1,683</u>
Earnings – per 25p share	5		<u>4.7p</u>		<u>13.0p</u>

Balance Sheets

	Note	1982 £'000	Group 1981 £'000	Company 1982 £'000	1981 £'000
Fixed assets	6				
Freehold properties		7,224	6,816	—	—
Long leasehold properties		5,395	5,395	—	—
Plant and fittings		5,977	6,062	—	—
Investments		104	—	104	—
		<u>18,700</u>	<u>18,273</u>	<u>104</u>	<u>—</u>
Subsidiary companies	7			11,565	10,895
Current assets					
Stocks		8,384	8,118	—	—
Owed by customers		12,482	11,485	—	—
Owed by subsidiary companies	7	—	—	14,478	14,311
Other debtors		1,014	480	—	—
Bank		419	100	—	—
		<u>22,299</u>	<u>20,183</u>	<u>14,478</u>	<u>14,311</u>
Current liabilities					
Taxation		890	543	59	41
Trade creditors		3,586	3,139	—	—
Accruals		4,526	4,587	—	—
Owed to subsidiary companies	7	—	—	1,114	558
Bank overdraft		1,870	713	—	—
Dividends payable		442	441	442	441
		<u>11,314</u>	<u>9,423</u>	<u>1,615</u>	<u>1,040</u>
Net current assets		<u>10,985</u>	<u>10,760</u>	<u>12,863</u>	<u>13,271</u>
Total funds employed		<u>29,685</u>	<u>29,033</u>	<u>24,532</u>	<u>24,166</u>
Financed by:					
Shareholders' funds					
Preference shares	8	346	352	346	352
Ordinary shares	8	4,392	4,381	4,392	4,381
Non-distributable surplus	9	7,174	7,144	7,012	6,982
Retained profit	10	9,861	9,566	8,782	8,551
		<u>21,773</u>	<u>21,443</u>	<u>20,532</u>	<u>20,266</u>
Deferred Taxation	12	2,386	2,412	—	—
Loan capital					
Mortgages	13	1,526	1,278	—	—
Credit finance	14	4,000	3,900	4,000	3,900
		<u>5,526</u>	<u>5,178</u>	<u>4,000</u>	<u>3,900</u>
		<u>29,685</u>	<u>29,033</u>	<u>24,532</u>	<u>24,166</u>

BARRY ST. G. A. REED

DAVID M. ANDERSON

Accounting Policies

Group accounts

The Group accounts are prepared using the historical cost convention which permits the revaluation of properties. The consolidated accounts include the accounts of all the subsidiaries listed on page 23 made up to 31 January 1982.

The current cost accounts have been prepared in accordance with Statement of Standard Accounting Practice No. 16.

Fixed assets and depreciation

Freehold properties held at 31 January 1979 are included at the amount at which they were professionally valued at that date. Long leasehold properties are included at the amount at which they were professionally valued at 31 January 1981. No value is attributed to short leaseholds. Plant and fittings are included at cost.

The Group maintains its properties in a first-class modern condition and so no depreciation is provided on freehold or long leasehold properties. It is general policy to write off the historical cost of plant and fittings in even amounts over ten years and motor vehicles over four years.

The current cost accounts depreciation adjustment is calculated to take account of:

- i. the estimated cost of replacing the plant and fittings of profitable units at 31 January 1982 in accordance with our up to date practice.
- ii. an anticipated life of fifteen years for such up to date plant and fittings.

In practice estimates of asset lives cannot be made precisely and a range of possible lives exists. Recognising the problem of continuing inflation a range of possible lives at the lower end of the scale has been adopted in the historical cost accounts. For current cost accounts purposes, however, it is felt more appropriate to use asset lives from within the range of possibilities which are longer than those used in the historical cost accounts.

Stocks

Stocks of merchandise, materials and work in progress are valued at the lower of cost, including overheads, and net realisable value.

The current cost accounts cost of sales adjustment is calculated using an internally produced index.

Deferred taxation

Deferred taxation is the provision for corporation tax at current rates arising on the excess of the capital allowances over the depreciation provided in the accounts.

Foreign currencies

Profit and loss items are converted at appropriate average rates. Assets and liabilities are converted at the rates ruling at 31 January 1982 and the resulting currency exchange gains or losses are taken direct to reserves.

Turnover

Sales to retail customers are the amounts receivable, including value added tax of £4,126,828 (1981: £3,824,606), while sales to trade customers represent the invoice value of merchandise sold, excluding value added tax and sales to Group companies.

Interest on customers' accounts

Interest charged is credited to profit after a deduction for future costs of collection.

Pensions

The Group provides for its pension liabilities for staff by contributions to independently established pension funds which are charged against annual profits.

Notes on Accounts

1. Trading profit before taxation

	1982 £'000	1981 £'000
The profit has been stated after crediting:		
Royalties received	503	277
Interest on customers' accounts	1,944	1,829
and after charging:		
Interest on bank and other loans repayable within 5 years	1,262	1,357
Hire of equipment	19	28
Depreciation and amortisation	977	802
Pension fund contributions	135	130
Audit fees	51	47
Directors' emoluments	217	183
Pension to past director	4	4

2. Directors' emoluments

The emoluments of Directors, excluding contributions to pension schemes, were within the following bands:

	1982	1981
£30,001 – £35,000	1	—
£25,001 – £30,000	1	2
£20,001 – £25,000	2	1
£10,001 – £15,000	1	2
Below £5,001	1	1
Chairman and highest paid Director	£45,000	£42,500

3. Taxation

	1982 £'000	1981 £'000
The charge on the profit for the year is:		
U.K. Corporation tax at 52%	755	—
Overseas taxation	67	52
Deferred taxation	40	367
	862	419
Deduct: Over provision in prior years	45	175
	817	244

4. Extraordinary items

These are the net costs, after taxation of £205,000, of:

- i. disposal of Swedish branches.
- ii. redundancy payments in U.K.
- iii. transactions in properties and their plant and fittings.

5. Earnings per share

Profit, after taxation and dividend on preference shares, attributable to ordinary shares	830	2,271
Earnings per share based on the average number of shares of 25p each in issue during the year	4.7p	13.0p

The Austin Reed Group of Companies
for the year ended 31 January 1982

Notes on Accounts

6. Fixed assets

Historical cost	Properties		Plant & fittings
	Freehold	Long leasehold	
	£'000	£'000	£'000
Cost or valuation at 1 February 1981	6,816	5,395	10,063
Additions	352	—	1,129
Exchange difference	56	—	80
Disposals	—	—	(573)
Depreciation	—	—	(4,722)
Net Book Amounts	7,224	5,395	5,977
Valuation at 31 January 1979	6,681	—	—
Cost	543	—	10,699
Valuation at 31 January 1981	—	5,395	—
Aggregate depreciation at 31 January 1981	—	—	4,001

The investments are 400,000 Ordinary shares in Gieves Group Limited which are listed on The Stock Exchange, London and have a market value of £140,000.

Current cost	Properties		Plant & fittings
	Freehold	Long leasehold	
	£'000	£'000	£'000
Gross replacement cost	7,224	5,395	15,733
Depreciation	—	—	5,518
Net value	7,224	5,395	10,215
Net value at 31 January 1981	6,816	5,395	8,882

The gross replacement cost of plant and fittings represents the Directors' estimate of the present purchase price of these assets except for certain items which are included at their estimated value to the business. Properties are included at the valuations and subsequent cost shown in the note on historical cost.

7. Subsidiary companies

Shares are shown at cost or valuation. Amounts due on current account are repayable on demand.

8. Share capital

	Issued		Authorised	
	1982	1981	1982	1981
	£'000	£'000	£'000	£'000
Cumulative Preference shares of £1 each	346	346	350	350
'A' Cumulative Redeemable Preference shares of £1 each	—	6	10	10
Ordinary shares of 25p each	628	560	825	750
A Ordinary shares of 25p each	3,764	3,753	4,175	4,175
Employees' shares of 25p each	—	68	—	75
	4,738	4,733	5,360	5,360

The 'A' Cumulative Redeemable Preference shares were redeemed on 31 October 1981 at 107p per share.

The Employees' shares were converted to Ordinary shares by Special Resolution on 4th June 1981.

The Austin Reed Group of Companies
for the year ended 31 January 1982

Notes on Accounts

9. Non-distributable surplus

	Property and Share Revaluation £'000	Share Premium £'000
Group		
at 1 February 1981	7,030	114
Calls on shares	—	30
at 31 January 1982	<u>7,030</u>	<u>144</u>
Company		
at 1 February 1981	6,868	114
Calls on shares	—	30
at 31 January 1982	<u>6,868</u>	<u>144</u>

10. Retained profit

	1982 £'000	1981 £'000
Group		
at 1 February 1981	9,566	8,263
Retained profit for the year	238	1,683
Gain on currency conversion	<u>57</u>	<u>(380)</u>
at 31 January 1982	<u>9,861</u>	<u>9,566</u>
Company		
at 1 February 1981	8,551	6,952
Retained profit for the year	287	1,528
Loss on currency conversion	<u>(56)</u>	<u>71</u>
at 31 January 1982	<u>8,782</u>	<u>8,551</u>

11. Current cost reserve

	£'000
at 1 February 1981	3,478
Revaluation surpluses reflecting price changes	
Plant and fittings	1,623
Stock	(200)
Monetary working capital adjustment	(13)
Gearing adjustment	<u>(12)</u>
at 31 January 1982	<u>4,876</u>
Realised	658
Unrealised	<u>4,218</u>

The gearing adjustment is the reflection of the extent to which the depreciation, monetary working capital and cost of sales adjustments do not need to be provided in full from profits in arriving at the profit attributable to shareholders because a proportion of the net operating assets of the group is financed by borrowings.

The monetary working capital adjustment recognises the increase in funds required to finance subscription account debtors to the extent that they are not financed by creditors and credit finance. The amount of credit finance can be varied according to the level of subscription account debtors.

Notes on Accounts

12. Deferred taxation

	1982 £'000	1981 £'000
Deferred taxation is corporation tax at current rates on accelerated tax allowances on plant and fittings	<u>2,386</u>	<u>2,412</u>
The potential liability not provided at 31 January 1982 for corporation tax payable if properties were disposed of at their revalued amounts	<u>3,182</u>	<u>3,104</u>

No provision has been made for additional taxation which might become payable in the event of the distribution of profits retained by certain overseas companies.

13. Mortgages

	1982 £'000	1981 £'000
The mortgages are repayable as follows:		
In 1983 at 17.59375% per annum	125	125
In 1984 at 17.59375% per annum	125	125
In 1984 at 11.75% per annum	526	278
In 1985 at 17.59375% per annum	<u>750</u>	<u>750</u>
	<u>1,526</u>	<u>1,278</u>

14. Credit finance

Credit finance is the amount presently outstanding under a facility of up to £9,000,000 granted by County Bank Limited for the financing of the amounts owed by customers on subscription accounts. The facility is available until 30 September 1985.

15. Future capital expenditure

	1982 £'000	1981 £'000
Contracts for capital expenditure for which provision has not been made in the accounts	50	133
Capital expenditure authorised by the Directors for which contracts have not been placed	<u>77</u>	<u>300</u>

Source and Application of Funds

	1982 £'000	1981 £'000
Source of Funds		
Funds from operations		
Trading profit before taxation	2,030	1,756
Depreciation	977	802
Net gain arising on the conversion of the funds of overseas subsidiaries and currency loans to U.K. companies	19	(248)
Generated from operations	3,026	2,310
Funds from other sources		
Calls on shares	41	—
Sale of fixed assets	283	2,086
Credit finance	100	—
Mortgage loan	185	—
Total funds generated	3,635	4,396
Application of funds		
Dividends paid	610	608
Tax paid	291	1,264
Extraordinary items	569	—
Capital expenditure	1,585	2,609
Redemption of preference shares	6	—
Increase in working capital	574	(85)
Utilised as follows:		
Increase in stocks	267	(196)
Increase in debtors	1,531	447
	1,798	251
Increase in creditors	386	399
Reduction in cash	838	(63)
Increase in working capital	574	(85)

Current Cost Accounts

	Note	1982 (52 weeks)		1981 (53 weeks)	
		£'000	£'000	£'000	£'000
Consolidated Profit and Loss Account					
Turnover on historical basis			<u>44,809</u>		<u>42,614</u>
Trading profit before taxation on historical basis			2,030		1,756
Operating adjustments					
Cost of sales		(112)		448	
Monetary working capital	11	(13)		1	
Depreciation		<u>205</u>		<u>264</u>	
			80		712
Operating profit			<u>1,950</u>		<u>1,166</u>
Gearing adjustment	11		12		123
Adjusted trading profit before taxation			<u>1,962</u>		<u>1,166</u>
Taxation			<u>817</u>		<u>244</u>
Adjusted trading profit after taxation			<u>1,145</u>		<u>922</u>
Extraordinary items			<u>(364)</u>		<u>779*</u>
Profit attributable to shareholders			781		1,701
Dividends			<u>611</u>		<u>608</u>
Retained profit			<u>170</u>		<u>1,093</u>
Earnings – per 25p share			<u>4.3p</u>		<u>9.6p</u>
Consolidated Balance Sheet					
Fixed assets	6				
Freehold properties			7,224		6,816
Long leasehold properties			5,395		5,395
Plant and fittings			10,215		8,882
Investments			<u>104</u>		<u>—</u>
			22,938		21,093
Net current assets					
Stocks			8,364		8,186
Monetary working capital			1,803		439
Taxation			(890)		(543)
Dividends payable			(442)		(441)
Bank overdraft			<u>(1,870)</u>		<u>(713)</u>
			6,965		6,928
			<u>29,903</u>		<u>28,021</u>
Financed by:					
Shareholders' funds					
Share capital			4,738		4,733
Current cost reserve	11		4,876		3,478
Non-distributable surplus			7,174		7,144
Retained profit			<u>9,203</u>		<u>8,976</u>
			25,991		24,331
Deferred taxation			2,386		2,412
Mortgages			<u>1,526</u>		<u>1,278</u>
			<u>29,903</u>		<u>28,021</u>

Options— Knightsbridge

The success of our own women's department in Regent Street has encouraged us to expand Options to other branches.





AUSTIN REED

AUSTIN REED

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Austin Reed Perth

Original and latest of fashions
March 1928
women's clothing
Perth

Particulars of Principal Companies in the Group at 31 January 1982

The trading during the financial year was carried out by the companies shown below whose entire share capital was held, directly or indirectly, by the parent company:

	Country of registration	Country of principal operation	Principal activities
Austin Reed Limited	England	England	Retailers
Austin Reed Credit Services Limited	England	England	Credit servicing
Austin Reed BV	The Netherlands	The Netherlands	Retailers
Austin Reed-Cason AB	Sweden	Sweden	Retailers
Austin Reed-Ströms AB	Sweden	Sweden	Retailers
Chester Barrie Limited	England	England	Clothing manufacturers
Harry Hall Limited	England	England	Riding and country clothing manufacturers
Honorbilt Limited	England	England	Trouser manufacturers
Sir Shops Limited	Scotland	Scotland	Retailers
Stephens Brothers Limited	England	England	Shirt manufacturers
The Donegal Shirt Co. Limited	Republic of Ireland	Republic of Ireland	Shirt manufacturers

Auditors' Report

To the members of Austin Reed Group PLC

We have audited the accounts on pages 12 to 20 and 23 in accordance with approved Auditing Standards. The accounts on pages 12 to 19 have been prepared under the historical cost convention as explained in the accounting policies on page 14 and the supplementary accounts on page 20 have been prepared under the current cost convention as described in the Statement of Standard Accounting Practice No. 16.

In our opinion the accounts on pages 12 to 19 give a true and fair view of the state of affairs of the company and the group at 31 January 1982 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the supplementary current cost accounts on page 20 have been properly prepared, in accordance with the policies and methods described in the notes on pages 14 to 18, to give the information required by Statement of Standard Accounting Practice No. 16.

Coopers & Lybrand

COOPERS & LYBRAND
Chartered Accountants, London
4 May 1982

Ten Year Review

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover										
Retail customers in U.K.	12,561	14,797	16,941	17,038	19,382	21,139	23,383	26,152	26,941	29,323
Retail customers overseas	2,065	3,194	4,283	5,574	7,531	7,174	7,727	6,455	6,461	6,184
Trade customers	2,138	2,740	3,288	3,396	4,369	4,751	7,178	8,734	9,212	9,302
	<u>16,764</u>	<u>20,731</u>	<u>24,512</u>	<u>26,008</u>	<u>31,282</u>	<u>33,064</u>	<u>38,288</u>	<u>41,341</u>	<u>42,614</u>	<u>44,809</u>
Profit										
Trading profit before taxation	1,552	1,854	1,609	1,091	1,827	2,552	3,216	3,291	1,756	2,030
Taxation	586	870	841	326	836	1,064	1,167	1,076	244	817
Preference dividends	23	20	20	20	20	20	20	20	20	19
Minority shareholder's interest	—	15	14	21	61	21	10	—	—	—
Ordinary dividends	206	224	248	265	292	328	479	588	588	592
Depreciation	364	392	462	600	621	622	785	716	802	977
Profit retained	<u>737</u>	<u>725</u>	<u>486</u>	<u>459</u>	<u>618</u>	<u>1,119</u>	<u>1,600</u>	<u>1,607</u>	<u>904</u>	<u>602</u>
Earnings — per 25p share	5.4p	5.5p	4.3p	4.2p	5.3p	8.3p	12.1p	12.6p	8.5p	8.0p
Net dividends — per 25p share	1.2p	1.3p	1.5p	1.6p	1.7p	1.9p	2.7p	3.4p	3.4p	3.4p
Number of employees	2,033	2,034	1,960	2,038	1,938	1,690	1,988	1,942	1,940	1,830

Notes:

1. Trading profit excludes extraordinary items and surpluses and deficits on property transactions.
2. Earnings are calculated on trading profit minus taxation, preference dividends and minority shareholder's interest and the current issued share capital.

The Faces of Austin Reed

An advertisement showing our 3 main
categories of clothing — Austin Reed,
Options and Cue Shop.

