

AUSTIN REED LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 JANUARY 1995



AUSTIN REED LIMITEDREPORT OF THE DIRECTORSfor the year ended 31 January 1995

1. The directors present herewith the audited accounts for the year ended 31 January 1995.

Following the introduction of Financial Reporting Standard No. 5 "Reporting the substance of transactions", the presentation of the financial statements has been amended to conform with the new requirements.

Business Activities

2. The company sells high quality apparel for both ladies and men and also provides ancillary services through its retail outlets in the U.K.

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

3. Results

The profit and loss account for the year is set out on page 5. The profit for the year of £3,654,030 will be transferred to reserves.

The Environment

4. As part of Austin Reed's continuing commitment to environmental policies good practices have been implemented throughout the company in accordance with set objectives.

These have focused on the use of environmentally friendly and recyclable products for stationery, packaging and publications, conserving energy and minimising waste. Our concern extends to the use of lead free petrol in all company cars.

The working party, is continuing to promote environmental awareness by setting further targets and evaluating achievements.

Dividends

5. Interim dividends of £627,208 and £1,090,343 were paid on 31 December 1994 and 31 January 1995 respectively. The directors recommend that no final dividend be paid for the year ended 31 January 1995.

Directors

6. The directors of the company at 31 January 1995, all of whom have served throughout the year, unless otherwise stated were :-

C M L Evans - Chairman
C N Thomson
A J Briggs

Mrs G B Hewitt
M A Tiffin

D J Gale died on 6 December 1994.

M A Tiffin and A J Briggs retire by rotation and offer themselves for re-election.

Directors' Interests

7. According to the register required to be kept by Section 325 of the Companies Act 1985, no director at 31 January 1995 had any interest in the shares of the Company.

The interests of the directors in the shares of the Company's Holding Company at the beginning and end of the financial year and the movements in their share options for the year were :-

	Ordinary Shares		1 Feb 94	Share Options			31 Jan 95
	1 Feb 94	31 Jan 95		1 Feb 94	Granted	Exercised	
A J Briggs	-	326	34,817	-	5,540	29,277	
G B Hewitt	3,031	3,850	24,545	-	6,860	17,685	
M A Tiffin	-	-	36,666	20,000	-	56,666	

As permitted by Statutory Instrument the register does not include any shareholdings of directors who are also directors of the Holding Company.

Employment of Disabled Persons

8. 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.

Employee Involvement

9. The company has maintained its arrangements for employee involvement.

Auditors

10. A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By Order of the Board



Miss J Anders
Secretary

7 April 1995

AUSTIN REED LIMITEDSTATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



Miss J Anders
Secretary

7 April 1995

REPORT OF THE AUDITORS TO THE MEMBERS OF AUSTIN REED LIMITED

We have audited the accounts on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

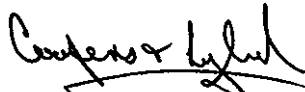
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 January 1995 and of its profit and total recognised gains and losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
London

7 April 1995

 PROFIT & LOSS ACCOUNT

for the year ended 31 January 1995

	Notes	1995 £	1994 £
Turnover	1 & 2	56,415,677	52,352,031
Cost of sales		30,780,276	28,642,967
Gross profit		25,635,401	23,709,064
Net operating expenses	3	21,899,781	21,033,272
Exceptional rates rebate		(1,286,571)	-
		20,613,210	
Operating profit		5,022,191	2,675,792
Surplus on disposal of short term lease		-	2,808,615
Profit on ordinary activities before taxation	4	5,022,191	5,484,407
Taxation	1 & 7	1,290,169	1,258,644
Profit on ordinary activities after taxation		3,732,022	4,225,763
Appropriation to Share Ownership Scheme	8	77,992	-
Profit for the year attributable to shareholders		3,654,030	4,225,763
Dividends on equity shares paid and proposed		1,717,551	1,562,768
Profit for the financial year	16	1,936,479	2,662,995

 STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 January 1995

	Notes	1995 £	1994 £
Profit for the financial year		3,654,030	4,225,763
Prior Year Adjustment		-	446,126
		3,654,030	4,671,889

The company had no discontinued operations or acquisitions in either year. There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

BALANCE SHEET

at 31 January 1995

	Notes	£ 1995	£ 1994
FIXED ASSETS			
Tangible assets	1 & 10	28,695,598	27,519,973
CURRENT ASSETS			
Stocks	1 & 11	13,280,391	11,098,486
Debtors	12	12,308,602	6,168,676
Cash in hand		21,481	19,281
		<u>25,610,474</u>	<u>17,286,443</u>
CREDITORS: amounts falling due within one year	13	32,788,373	25,641,713
Net current liabilities		<u>(7,177,899)</u>	<u>(8,355,270)</u>
Total assets less current liabilities		21,517,699	19,164,703
CREDITORS: amounts falling due after one year	14	314,838	-
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	1 & 9	2,466,502	2,364,823
		<u>2,781,340</u>	<u>2,364,823</u>
		<u>18,736,359</u>	<u>16,799,880</u>
CAPITAL AND RESERVES			
Called up share capital	15	45,000	45,000
Retained profit	16	5,151,908	3,215,429
Share Premium Account		1,627,681	1,627,681
Revaluation reserve	17	11,906,770	11,906,770
Capital Redemption Reserve		5,000	5,000
Total shareholder's funds	18	<u>18,736,359</u>	<u>16,799,880</u>
Equity shareholder's funds		18,701,359	16,764,880
Non-equity shareholder's funds		35,000	35,000
Total shareholder's funds		<u>18,736,359</u>	<u>16,799,880</u>

The accounts on pages 5 to 14 were approved by the Board of Directors on 7 April 1995 and are signed on its behalf by :

C N Thomson


 Director

NOTES TO THE ACCOUNTS

at 31 January 1995

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, and Accounting Standards in the United Kingdom.

Turnover

Turnover is the amount receivable from customers and licencees. Turnover excludes value added tax.

Licensing Income

The company accounts for royalties on an accruals basis taking a prudent view of the income earned by reference to agreed minimum payments and sales information provided by licensees.

Fixed Assets and Depreciation

Freehold and long leasehold properties were revalued at 31 January 1993 and the values have been included in these accounts. No value is attributed to short leaseholds. Plant and fittings are included at cost.

Provision is made for the depreciation of fixed assets over their useful lives where it is necessary to reflect a reduction from book value to estimated value.

It is the company's policy to maintain its properties in a state of good repair to prolong their useful lives, and in the case of freehold and long leasehold properties the Directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on freehold and long leasehold properties. In the event that the value of a property permanently diminishes, provision is made in the profit and loss account.

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.

Stocks

Stocks of merchandise and materials are valued at the lower of cost and net realisable value.

Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Foreign Currencies

Profit and loss items are translated at appropriate average rates and assets and liabilities are translated at the rates ruling at the end of the year. All other exchange differences are taken to the profit and loss account.

1. ACCOUNTING POLICIES (Continued)

Pension Scheme

The company's pensionable employees are members of the Austin Reed Group contributory defined benefit scheme. Charges to the profit and loss account are made in accordance with the Group pension arrangements.

Operating Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Cashflow Statement

The company is a wholly-owned subsidiary of Austin Reed Group PLC and the cash flows of the company are included in the consolidated group cash flow statement of Austin Reed Group PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cashflow statement.

2. TURNOVER

The analysis of turnover by geographical area is as follows :-

	1995 £	1994 £
United Kingdom	54,672,100	50,420,768
North America	456,189	592,918
Far East	1,287,388	1,338,345
	56,415,677	52,352,031

Included in turnover is £1,743,577 (1994 - 1,931,263) in respect of amounts due from licencees.

3. NET OPERATING EXPENSES

Net operating expenses are analysed as follows :-

	1995 £	1994 £
Selling expenses	20,040,842	18,703,104
Administration expenses	2,263,713	1,996,276
Other operating (income)/charges:		
From fellow subsidiaries	(822,288)	(929,573)
From other sources	(164,211)	145,299
Interest payable on sums wholly repayable within five years	581,725	1,118,166
	21,899,781	21,033,272

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £	1994 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Property rentals	4,252,114	3,743,434
Depreciation	2,060,811	1,892,799
Loss on sale of fixed assets	149,326	86,163
Equipment leases - Note 5	375,212	315,467
Auditors remuneration - Audit fees	30,000	27,900
- Non-Audit fees	-	-
Directors' emoluments, including pension contributions	157,989	146,854
Loss/(gain) on translation of foreign currencies	33,883	(19,691)

5. OPERATING LEASE COMMITMENTS

	1995		1994	
	Land & buildings	Plant & machinery	Land & buildings	Plant & machinery
Annual commitments under operating leases at 31 January 1995 are as follows:				
Expiring within one year	-	-	128,750	-
Expiring between two and five years	468,350	375,212	99,000	315,467
Expiring in over five years	4,131,875	-	3,676,883	-
	4,600,225	375,212	3,904,633	315,467

6. EMPLOYEES

The average number of persons employed by the company including Executive Directors during the year is analysed below :-

	1995 Number	1994 Number
Selling and administration	615	562
Staff costs during the year amounted to:		
Wages and salaries	£ 8,115,465	£ 7,498,782
Social security costs	772,968	731,828
Other pension costs	182,883	171,616
	9,071,316	8,402,226

6. EMPLOYEES (Continued)

Directors' Remuneration

The emoluments of the Directors, excluding pension contributions, were as follows :-

	1995	1994
Emoluments of the chairman	Nil	Nil
Emoluments of the highest paid Director	61,437	54,404

The emoluments of all Directors fell within the following ranges :-

	Number	Number
£60,001 - £65,000	1	1
£45,001 - £50,000	2	2
Below £5,000	3	4

7. TAXATION

The taxation charge which is based on the profit for the year is made up as follows :-

	1995 £	1994 £
Current year :		
UK Corporation tax at 33.0% (1994 - 33.0%)	1,467,139	1,015,675
Deferred taxation	(77,921)	243,036
	1,389,218	1,258,711
Prior year adjustment :		
Corporation tax	(278,925)	(44,867)
Deferred tax	179,876	44,800
	1,290,169	1,258,644

AUSTIN REED LIMITED

8. SHARE OWNERSHIP SCHEME

	1995 £	1994 £
Amount allocated to the scheme	116,406	-
Corporation tax thereon at 33.0%	38,414	-
	77,992	-

9. DEFERRED TAXATION

Deferred taxation provided for in the accounts at 33.0% (1994 - 33.0%) is as follows :-

	1995 £	1994 £
Amount provided at beginning of year	2,364,823	2,076,987
Transfer to profit and loss account	101,679	287,836
	2,466,502	2,364,823

Deferred taxation is provided on :

Accelerated capital allowances	1,767,069	1,418,350
Deferred capital gains on properties	532,723	946,473
Short term timing differences	166,710	-
	2,466,502	2,364,823

The potential liability at 31 January 1995 for corporation tax if properties were disposed of at their revalued amounts

276,607	284,441
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10. FIXED ASSETS

	Freehold Property £	Leasehold Property £	Plant £	Motor Vehicles £	Total £
Cost (or Valuation) :					
At 1 February 1994					
- Valuation at 31 January 1994	10,587,270	5,250,000	-	-	15,837,270
- Cost	1,762,050	-	20,625,539	916,010	23,303,599
Additions	120,533	-	2,955,450	235,515	3,311,498
Disposals	-	-	(221,177)	(140,812)	(361,989)
Intra-group transfers	-	-	127,000	(10,250)	116,750
At 31 January 1995	12,469,853	5,250,000	23,486,812	1,000,463	42,207,128
At 31 January 1995					
- Valuation	10,587,270	5,250,000	-	-	15,837,270
- Cost	1,882,583	-	23,486,812	1,000,463	26,369,858
Depreciation :					
At 1 February 1994	-	-	11,164,832	456,064	11,620,896
Charged in the year	-	-	1,896,768	164,043	2,060,811
Disposals	-	-	(48,860)	(117,866)	(166,726)
Intra-group transfers	-	-	-	(3,451)	(3,451)
At 31 January 1995	-	-	13,012,740	498,790	13,511,530
Net book value :					
At 31 January 1995	12,469,853	5,250,000	10,474,072	501,673	28,695,598
At 1 February 1994	12,349,320	5,250,000	9,460,707	459,946	27,519,973

The freehold properties and the long leasehold of 103/113 Regent Street, London W1 were revalued on an open market basis at 31 January 1993 by Hillier Parker, Chartered Surveyors.

The excess of the valuation of freehold and leasehold properties over their original cost is represented by the Revaluation Reserve.

11. STOCK

	1995 £	1994 £
Finished goods	13,280,391	11,098,486

FRS5 requires that we recognise in the balance sheet of Austin Reed Limited stock of fellow subsidiary manufacturing companies held in Austin Reed Limited branches, even though title to the stock remains with the manufacturing companies until sold by Austin Reed Limited. Amounts are paid to the manufacturing companies which approximate to the manufacturers's selling price, to help fund the operations and working capital requirements of those companies.

The amount of consignment stock was £4,576,000 (1994 - £2,899,000)

12. DEBTORS: amounts falling due within one year

	1995 £	1994 £
Trade debtors	572,439	611,587
Amounts due from fellow subsidiaries	5,964,593	1,137,638
Other debtors	1,158,707	1,278,487
Corporation Tax Recoverable	-	-
Prepayments	4,612,863	3,140,964
	12,308,602	6,168,676

13. CREDITORS: amounts falling due within one year

	1995 £	1994 £
Trade creditors	4,876,249	3,951,892
Amount due to parent company	16,631,076	14,706,832
Amount owed to fellow subsidiaries	6,554,100	2,899,000
Other taxation and Social security	2,576,551	1,782,229
Corporation tax payable	1,150,457	660,025
Accruals	999,940	1,641,735
	32,788,373	25,641,713

14. CREDITORS: amounts falling due after one year

	1995 £	1994 £
Other taxation and social security	314,838	-

15. SHARE CAPITAL

	Authorised 1995 & 1994 £	Issued & Fully Paid 1995 & 1994 £
Ordinary Shares of £1 each	15,000	10,000
Second Preference Shares of £1 each	35,000	35,000
	50,000	45,000

Preference shares are non-redeemable, non-voting and have a preferential right to return of capital on a winding up.

16. RETAINED PROFIT

	1995 £	1994 £
At 1 February 1994 as	3,215,429	552,434
Profit for the financial year	1,936,479	2,662,995
At 31 January 1995	5,151,908	3,215,429

17. REVALUATION RESERVE

	1995 £	1994 £
At 1 February 1994	11,906,770	11,906,770
Revaluation	-	-
At 31 January 1995	11,906,770	11,906,770

18. MOVEMENT IN SHAREHOLDER'S FUNDS

	1995 £	1994 £
Opening shareholder's funds	16,799,880	14,136,885
Profit for the financial year	1,936,479	2,662,995
Closing shareholder's funds	18,736,359	16,799,880

19. CAPITAL COMMITMENTS

The company had no capital commitments at the year end in respect of expenditure authorised by the directors whether contracted for or not contracted for (1994 - £Nil)

20. CONTINGENT LIABILITY

The company and a fellow subsidiary have guaranteed a loan to its holding company.

21. HOLDING COMPANY

The company is a wholly owned subsidiary of Austin Reed Group PLC, a company registered in England. Copies of the consolidated accounts of Austin Reed Group PLC may be obtained from The Secretary, PO Box 2, Thirsk, North Yorkshire YO7 1PF.