Company No: 00399575

AUSTIN REED LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2015

STRATEGIC REPORT

The directors present their strategic report together with the audited financial statements for the year ended 31 January 2015.

Business Activities

The company sells high quality apparel for both ladies and men and licenses Austin Reed trademarks overseas. Austin Reed was established over 100 years ago and is a premium lifestyle brand targeting men and women between 30 and 60 years old, who demand the best of modern British style, quality and service.

Business Review

Financial Performance

Total turnover in the year to 31 January 2015 was £44.4m (2014: £47.7m). Revenue reduction was in part caused by the closure of 20 stores during the year. Despite this there were still significant loss making stores. This inhibited the overall performance of the group. A decision was taken to launch a Company Voluntary Arrangement (CVA), which was successfully passed on the 5th February 2015. Over 99% of creditors voted in favour of the CVA. This enabled the group to achieve a structure more appropriate in the new digital age.

Key Performance Indicators

A range of performance measures are used to monitor and manage the business. Certain of these are of key importance in measuring past performance and providing information for the future development of the business; Return on Capital Employed (pre-exceptionals), Sales Density (gross sales per sq ft), Units per Customer, Return on Sales, Branch Contribution and Payback.

E-commerce

The Web is now the biggest store and this sizeable operation is bringing new opportunities and challenges.

Marketing Strategy

Sub brands of Austin Reed are expanding the customer base whilst showcasing the brand's heritage and tailoring expertise in a multi-channel approach. This includes the AR RED Nick Hart collection, an exciting collaboration with Savile Row's Nick Hart (of 'Spencer Hart') and redefines classic tailoring. Hire wear continues to achieve significant growth driven by new brochures, national advertising in wedding publications and online marketing to drive traffic to the updated and interactive website. Bespoke has now introduced a lower introductory price point to become a more accessible luxury in today's economic climate. Corporate business continues to be driven by discount schemes with partners and through providing uniforms; large clients include The Law Society, Marriott and Omega.

STRATEGIC REPORT (continued)

Principal Risks and Uncertainties

The Company continues to be exposed to the risks of the economic downturn in the UK, which has led to reduced consumer demand and reduced income. The success of the Company is dependent on its ability to provide quality designs and fashions and to anticipate and respond to changing consumer taste and fashion trends.

The Company also purchases finished goods from the Far East in US dollars and is therefore exposed to movements in the US$ to Sterling exchange rate. The Finance Director monitors the net exposure and takes out fixed forward contracts to ensure that the majority of the Company's requirements for between 12 and 18 months are covered.

Licensing revenue is received from Japan in Yen and a significant proportion is covered by minimum guarantees. The timings of receipts are known in advance and the minimum guarantee income is sold forward up to a maximum of 12 months at any point.

Debt and Gearing

In May 2014 the Group repaid the existing loan to Landisbanki Commercial Finance and replaced them with a new revolving credit facility and three year term loan provided by Wells Fargo Bank NA. The company has provided cross-guarantees in respect of the loan to Austin Reed Group Limited. These facilities totalled £18.2m at 31 January 2015 and the term loan is repayable in 3 years and bears interest charged at LIBOR plus a margin.

Health and Safety and The Environment

The Health and Safety Committee meets regularly to consider a variety of health and safety issues applicable to the group. The group continues to adopt a centralised review and feedback mechanism.

The need for sound policies for the Environment is also recognised; the Company is committed to meeting its responsibilities to ensure that both the Company and its suppliers of goods and services comply with relevant regulations and codes of practice. The Corporate Responsibility policy is embedded within the Company's Supplier Manual. The Environmental Committee meets regularly to develop and monitor initiatives to meet the increasing environmental requirements of all our stakeholders. A number of volunteer Environmental Champions are working to help to promote these initiatives within the Company.

Employment of Disabled Persons

The company continues to provide full and sympathetic consideration to the employment, training, career development and promotion of disabled employees; including those becoming disabled after their employment has commenced. Each case is considered on its individual circumstances.

Employee Communication

The company has maintained its arrangements for communication to employees through weekly newsletters, bulletins, periodic reports and the intranet.

Social Responsibility

During the year £6,778 (2014: £1,210) was donated to charity by the company.

On behalf of the Board

A Charlton
Director

18.09.2015

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 January 2015.

Dividends

An interim dividend of £5,000,000 was paid during the year but the Directors do not recommend the payment of a final dividend for the year ended 31 January 2015 (2014: nil).

Directors

The Directors of the company at 31 January 2015, all of whom have served throughout the year, unless otherwise stated were:

A Charlton
NW Hollingworth

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 profit or loss of the company 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 applicable UK Accounting Standards have been followed;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (continued)

Auditors and Annual General Meeting

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

In accordance with the Companies Act 2006 the company continues to dispense with the holding of Annual General Meetings, of laying financial statements and reports before the company in General Meeting, and with the obligation to reappoint the auditors annually.

On behalf of the Board

A Charlton
Director

18.09.2015.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTIN REED LIMITED

We have audited the financial statements of Austin Reed Limited for the year ended 31 January 2015 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.

BDO LLP

Paul Davies (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds
United Kingdom

21 September *2015*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

For the year ended 31 January 2015

	Notes	2015 Before Exceptional Items £	2015 Exceptional Items £	2015 Total £	2014 Before Exceptional Items £	2014 Exceptional Items £	2014 Total £
Turnover	2	44,372,965	-	44,372,965	47,651,107	-	47,651,107
Cost of sales		(16,959,690)	(75,000)	(17,034,690)	(19,159,878)	-	(19,159,878)
Gross profit		27,413,275	(75,000)	27,338,275	28,491,229	-	28,491,229
Net operating income & expenses	3 & 7	(24,070,918)	(565,000)	(24,635,918)	(25,727,046)	(1,529,239)	(27,256,285)
Operating profit/(loss) before taxation	4	3,342,357	(640,000)	2,702,357	2,764,183	(1,529,239)	1,234,944
Loss on disposal of fixed assets		-	(123,832)	(123,832)	-	(60,858)	(60,858)
Profit/(loss) on ordinary activities before interest and taxation		3,342,357	(763,832)	2,578,525	2,764,183	(1,590,097)	1,174,086
Interest payable		-	-	-	(36,870)	-	(36,870)
Profit/(loss) on ordinary activities before taxation		3,342,357	(763,832)	2,578,525	2,727,313	(1,590,097)	1,137,216
Taxation	8	(799,718)	29,848	(769,870)	(1,573,624)	294,810	(1,278,814)
Profit/(loss) for the financial year	17	2,542,639	(733,984)	1,808,655	1,153,689	(1,295,287)	(141,598)

All results derive from continuing operations
There is no difference between the profit on ordinary activities before taxation and the profit retained for the year stated above, and their historical cost equivalents.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

at 31 January 2015

		2015		2014	
Company No. 399575	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	10		9,703,844		13,510,508
CURRENT ASSETS					
Stocks	11	-		8,006,912	
Debtors	12	9,550,737		7,171,378	
Cash at bank and in hand		1,666,608		2,576,319	
		11,217,345		17,754,609	
CREDITORS					
Amounts falling due within one year	13	(7,863,031)		(13,027,275)	
NET CURRENT ASSETS			3,354,314		4,727,334
Total assets less current liabilities			13,058,158		18,237,842
CREDITORS					
Amounts falling due after more than one year	14		(97,462)		(999,801)
PROVISION FOR LIABILITIES AND CHARGES	15		(1,714,000)		(2,800,000)
NET ASSETS			11,246,696		14,438,041
CAPITAL AND RESERVES					
Called up share capital	16		45,000		45,000
Share premium account			1,627,681		1,627,681
Capital redemption reserve			5,000		5,000
Profit and loss account	17		9,569,015		12,760,360
Shareholder's funds	18		11,246,696		14,438,041

The financial statements on pages 7 to 18 were approved by the Board of Directors and authorised for issue on 18.09.15 and are signed on its behalf by:

A Charlton Director

at 31 January 2015

1. ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout the periods under review and are in accordance with applicable United Kingdom law and Accounting Statements.
The financial statements have been prepared for the 53 weeks ended 31 January 2015. The comparative period is for the 52 weeks ended 25 January 2014.
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Going Concern

Revenue reduction was in part caused by the closure of 20 stores during the year. Despite this there were still significant loss making stores. This inhibited the overall performance of the group. A decision was taken to launch a Company Voluntary Arrangement (CVA), which was successfully passed on the 5th February 2015. Over 99% of creditors voted in favour of the CVA. This enabled the group to achieve a structure more appropriate in the new digital age.

Management have reviewed forecasts for a period of 12 months from the date that these accounts were signed. Management consider that the company has sufficient funds to pay its liabilities as and when they fall due. As such management consider it appropriate to prepare the accounts on a going concern basis.

Turnover

Turnover is the amount receivable from customers, excluding Value Added Tax. Store turnover is recognised at the point of sale. Internet related turnover is recognised at the point of dispatch.
The Company operates concessionary arrangements whereby it sells stock for a third party. The Company acts as an undisclosed agent and therefore the Company recognises the total value of sales in turnover. For the year to 31 January 2015 this amounted to £2,446,752 (2014: £2,962,537).

Licensing Income

The Company accounts for royalties on an accruals basis.

Fixed Assets and Depreciation

Leasehold property costs are written off on a straight line basis over the term of the lease. Fixtures and fittings are accounted for on a depreciated cost basis. It is general policy to write off the historical cost of fixed assets, less their estimated residual value, over their expected useful lives. Fixtures and fittings are written off over 5 - 10 years.

Stocks

Stocks of merchandise and materials are valued at the lower of cost and net realisable value. Provision is made for any obsolete and slow moving stock.
Cost includes all costs incurred in bringing each product to its present location and condition. Goods held for resale are stated at purchase cost on a moving average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Deferred Taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

at 31 January 2015

1. ACCOUNTING POLICIES (Continued)

Foreign Currencies

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the Profit and Loss Account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Pension Scheme

The Company's pensionable employees are members of the Austin Reed Group Pension Fund. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary.

It is not possible to separately identify the effects that the adoption of FRS 17 has on the financial statements of Austin Reed Limited alone however full disclosure is provided in the financial statements of Austin Reed Group Limited. The pension scheme has been accounted for on a defined contribution basis in these financial statements.

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. Premiums are charged to the profit and loss account over the shorter of the lease term and the period to the first market rent review.

Where the unavoidable cost of a lease exceeds the economic benefit expected to be received from it, a provision is made for the present value of the lower of the obligations under the lease and the cash loss for that store.

Inducements to enter into a lease are amortised on a straight-line basis over the period to the first rent review.

Dividends

Equity dividends are recognised when they become legally payable.

Cash Flow Statement

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

2. SEGMENT ANALYSIS

Turnover

Class of business	2015 £	2014 £
Retail	42,957,497	44,134,418
Licensing	1,415,468	3,516,689
	44,372,965	47,651,107

Sales by destination	2015 £	2014 £
United Kingdom	41,695,038	42,815,040
Rest of Europe	1,161,362	843,938
North America	127,164	196,536
Far East	802,931	2,738,944
Rest of world	586,470	1,056,649
	44,372,965	47,651,107

All sales originate from the United Kingdom.

at 31 January 2015

2. SEGMENT ANALYSIS (Continued)

Net assets

	2015 £	2014 £
Retail	10,228,275	13,910,223
Licensing	1,018,421	527,818
	11,246,696	14,438,041

All net assets are situated in the United Kingdom.

It is not possible to analyse profit before taxation by geographic segment or by class of business therefore it has not been presented above.

3. NET OPERATING INCOME AND EXPENSES

Net operating expenses are analysed as follows:

	2015 £	2014 £
Selling expenses	24,235,524	24,885,951
Administration expenses	443,937	2,537,858
Other operating income	(43,543)	(167,524)
	24,635,918	27,256,285

4. OPERATING PROFIT

	2015 £	2014 £
Operating profit is stated after charging/(crediting):		
Operating leases - land & buildings	10,249,870	10,386,030
- plant & machinery	24,846	37,492
Depreciation	1,126,827	1,818,251
Amortisation of leasehold property costs	220,070	283,468
Loss on disposal on fixed assets	-	-
Auditors' remuneration - audit fees	12,500	12,500
- tax services	13,640	12,000
Foreign currency gains	(34,659)	(114,451)
Exceptional items (note 7)	140,000	1,529,239

5. OPERATING LEASE COMMITMENTS

	2015		2014	
	Land & buildings £	Plant & machinery £	Land & buildings £	Plant & machinery £
Annual commitments under operating leases at 31 January 2015 are as follows:				
Expiring within one year	633,363	-	465,827	-
Expiring between two and five years	2,519,223	24,470	2,307,421	126,847
Expiring in over five years	6,544,680	-	7,317,229	-
	9,697,266	24,470	10,090,477	126,847

6. EMPLOYEES

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

	2015 Number	2014 Number
Selling	280	287
	280	287

Staff costs during the year amounted to:	£	£
Wages and salaries	5,184,977	5,651,997
Social security costs	291,271	402,416
Other pension costs (note 21)	-	141,143
	5,476,248	6,195,556

The Group operates a centralised payroll function and recharges identifiable payroll costs direct to the company.

Directors' Remuneration:

None of the directors received any emoluments or had pension contributions made on their behalf in respect of services to the Company in either year. Directors' remuneration are borne by a fellow group company.

7. EXCEPTIONAL ITEMS

These comprise items which are exceptional by way of their nature or size and are therefore disclosed separately. In the year the Company incurred the following costs in relation to its continuing activities:

	2015 £	2014 £
Onerous lease provision charge	671,000	1,084,000
Onerous lease provision release	(171,000)	-
Asset impairment provision	-	256,313
Business restructuring costs	140,000	188,926
Loss on disposal of leasehold assets	123,832	60,858
	763,832	1,590,097

Onerous lease charges are made in respect of those leases which are considered onerous on the basis that the stores to which they relate are expected to generate net cash outflows over the remaining term. For further details in respect of the provisions calculation refer to note 15.

The onerous lease release is considered an exceptional item in the current year due to an additional release of the prior year provision based on the conditions present in the CVA agreement. Although the CVA was completed after the year end it was management's best estimate that completion was highly probable at the year end.

In the prior year an asset impairment provision was also made in respect of the fixtures held in each of the stores subject to an onerous lease provision.

In the previous year the Company undertook a review of the opening hours of its store portfolio and as a result reduced the staffing hours required. At the same time there was a review of administrative office functions and some roles were combined. The exceptional costs above include the staff costs associated with this restructuring exercise. In the current year business restructuring costs relate to unavoidable, one-off loss of margin on certain stock items.

The tax charge for the year includes a credit of £29,848 (2014: £294,810 credit) in respect of these items.

at 31 January 2015

8. TAXATION

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

	2015 £	2014 £
Current tax		
Group relief payable at 21.32% (2014: 23.16%)	842,094	677,981
Adjustments in respect of prior years	(12,739)	70,600
	829,355	748,581
Less relief for overseas tax	-	-
	829,355	748,581
Overseas taxation	-	-
Total current tax charge	829,355	748,581
Deferred tax		
Origination and reversal of timing differences	(59,485)	(135,629)
Effect of rate change	-	369,231
Adjustments in respect of prior years	-	296,631
Total deferred tax	(59,485)	530,233
Total tax charge for the year	769,870	1,278,814
Reconciliation of current tax charge:		
Profit on ordinary activities before taxation	2,578,525	1,137,216
Expected tax charge at standard rate of 21.32% (2014: 23.16%)	549,788	263,398
Expenses not deductible for corporation tax purposes	257,692	265,004
Accelerated capital allowances & other timing differences	63,421	154,963
Non-taxable income	(28,807)	(5,385)
Adjustments to tax charge in respect of prior years	(12,739)	70,601
Current tax charge for the year	829,355	748,581

9. DIVIDENDS PAID AND PROPOSED

	2015 £	2014 £
Dividends declared and paid during the year:		
Interim dividend for the year to 31 January 2015: £333.33 per ordinary share (2014: £nil).	5,000,000	-
	5,000,000	-

10. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Total £
Cost or Valuation:			
At 1 February 2014	5,000,000	13,697,699	18,697,699
Additions	-	102,888	102,888
Transfers between fellow subsidiaries	-	(4,513,337)	(4,513,337)
Disposals	-	(283,350)	(283,350)
Written-out	-	(609,805)	(609,805)
At 31 January 2015	5,000,000	8,394,095	13,394,095
Depreciation:			
At 1 February 2014	90,909	5,096,282	5,187,191
Charges in the year	90,909	1,035,918	1,126,827
Transfers between fellow subsidiaries	-	(1,768,736)	(1,768,736)
Disposals	-	(245,226)	(245,226)
Written-out	-	(609,805)	(609,805)
At 31 January 2015	181,818	3,508,433	3,690,251
Net book value:			
At 31 January 2015	4,818,182	4,885,662	9,703,844
At 31 January 2014	4,909,091	8,601,417	13,510,508

During the year fixed assets used on a central basis were transferred to the parent company.

11. STOCKS

	2015 £	2014 £
Finished goods	-	8,006,912

On the 21 May 2014 all stock was transferred to the parent company. Following this date all stock purchases were made by the parent company. There are no material differences between the amounts stated above and their replacement cost.

12. DEBTORS

Amounts falling due within one year

	2015 £	2014 £
Trade debtors	678,671	382,275
Amounts due from parent company	4,191,797	-
Other debtors	136,256	238,410
Deferred tax asset (note 15)	2,656,654	2,597,169
Prepayments	1,887,359	3,953,524
	9,550,737	7,171,378

13. CREDITORS

Amounts falling due within one year

	2015 £	2014 £
Trade creditors	2,866,266	5,486,631
Obligations under finance leases	-	168,333
Amounts due to parent company	-	1,723,753
Other taxation and social security	3,078,817	3,381,186
Accruals	1,917,948	2,267,372
	7,863,031	13,027,275

14. CREDITORS

Amounts falling due after more than one year

	2015 £	2014 £
Obligations under finance leases	-	336,665
Deferred income	97,462	663,136
	97,462	999,801

Deferred income represents the value of lease inducements received from landlords. These inducements are written-off over the period of the lease to the first rent review.

The repayment profile of the finance leases is as follows:	2015 £	2014 £
Within 1 year	-	168,333
Between 1 and 2 years	-	336,665
	-	504,998

All of the assets which were held under a finance lease have been transferred to Austin Reed Group Limited. The obligations under these leases have been assumed by that company.

15. PROVISION FOR LIABILITIES AND CHARGES

	2015 £	2014 £
Provisions		
At 1 February 2014	2,800,000	2,193,000
Additions in respect of property provisions	671,000	1,084,000
Exceptional credit to profit in the year	(171,000)	-
Credit to profit in the year	(1,586,000)	(477,000)
At 31 January 2015	1,714,000	2,800,000

Property provisions are in respect of lease contracts which are considered onerous on the basis that the stores to which they relate are expected to generate net cash outflows over their remaining lease term. An assessment of future cash outflow is made on the following bases:

- the discounted value of future cash flows to the end of the lease using a risk free discounted rate of 6.9% (2014:5.6%);
- the discounted value of annual rental payments to the end of the lease using a risk free discounted rate of 6.9% (2014:5.6%), and
- the estimated cost to be incurred in order to exit the lease prior to its expiry.

The amount of the provision is calculated as the lowest of the three bases. In circumstances where the provision would be based on the exit cost but it is considered unlikely that the lease could be terminated for a one-off payment, the provision is based on the next highest discounted cash flow outcome.

In determining the appropriate amount of these provisions the directors have estimated the future cash flows expected from each relevant leased property. A provision is only recognised when all possible avenues to make a profit have been considered, including alternative uses. The directors have also made assumptions about the ability of the Company to sublet or surrender leases, and the potential payments to be made to exit the lease. The provisions are highly sensitive to these assumptions.

The discounting of the provision remaining at the end of 2015 is not considered to have a material impact to the level of the provision.

Deferred taxation provided for in the accounts at 20% (2014 - 20%) is as follows :-

	2015 £	2014 £
Deferred taxation		
Amount at beginning of year	(2,597,169)	(3,127,402)
Charged to profit and loss account	(59,485)	530,233
	(2,656,654)	(2,597,169)
Deferred taxation consists of:		
Depreciation in excess of capital allowances	(2,656,654)	(2,597,169)
Deferred tax asset (note 12)	(2,656,654)	(2,597,169)

at 31 January 2015

16. SHARE CAPITAL

	Issued, Called-up & Fully Paid 2015 & 2014 £
15,000 ordinary shares of £1 each	10,000
35,000 second preference shares of £1 each	35,000
	45,000

Preference shares are non-redeemable, non-voting, carry no fixed dividend rights and have a preferential right to return of capital on a winding up.

17. PROFIT AND LOSS ACCOUNT

	2015 £	2014 £
At start of year	12,760,360	12,901,958
Profit/(loss) for the financial year	1,808,655	(141,598)
Dividends paid	(5,000,000)	-
At end of year	9,569,015	12,760,360

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2015 £	2014 £
At start of year	14,438,041	14,579,639
Retained profit/(loss) for the year	1,808,655	(141,598)
Dividends paid	(5,000,000)	-
Closing shareholder's funds	11,246,696	14,438,041

19. FINANCIAL ASSETS

	2015 £	2014 £
Cash at bank and in hand		
Cash in hand	10,324	12,552
Cash at bank	1,656,284	2,031,767
Restricted cash	-	532,000
	1,666,608	2,576,319

Restricted cash related to lease deposits held in a tenancy deposit scheme which were recovered in the year.

at 31 January 2015

20. PENSION SCHEME

Eligible employees are members of the Austin Reed Group Pension Fund (the Fund).

The majority of the defined benefit section of the Fund is contracted out of the Additional State Pension. The latest triennial actuarial valuation was conducted by an independent actuary as at 1 April 2013 using the projected unit method. The valuation assumed that the majority of pensions, once in payment, would increase in line with general price inflation (up to a limit of 5%). The valuation showed the Fund was under-funded at 1 April 2013 with assets representing 75% of the value of liabilities. At the valuation date, the market value of assets was £77.0 million.

Under the requirements of FRS17, additional disclosure is required. However, as the assets of the Fund cannot be identified between those attributable to Austin Reed and those attributable to other Fund members, this disclosure has not been provided. Additional disclosure for the whole Fund is provided in the financial statements of Austin Reed Group Limited.

21. CONTINGENT LIABILITY

The company and fellow subsidiaries are part of a cross guarantee in relation to a loan to Austin Reed Group Limited. At 31 January 2015 the balance on the loan was £18,207,801 (2014: £7,348,030).

22. POST BALANCE SHEET EVENTS

The group successfully entered into a Company Voluntary Arrangement (CVA) on the 5th February 2015, with over 99% of creditors voting in favour of the CVA and closure of the pension scheme to future accruals

23. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Austin Reed Group Limited, a company registered in England. Under the terms of Financial Reporting Standard No. 8 Austin Reed Limited is exempt from disclosing related party transactions and balances with entities within the Austin Reed Group Limited group of companies.

The ultimate controlling party is Gajan Holdings Limited. Copies of the consolidated accounts of Gajan Holdings Limited may be obtained from The Secretary, Station Road, Thirsk, North Yorkshire YO7 1QH.