

AUSTIN REED LIMITED  
REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 JANUARY 2002

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## **AUSTIN REED LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JANUARY 2002**

The Directors present herewith the audited accounts for the year ended 31 January 2002.

#### **Business Activities**

The Company sells high quality apparel for both ladies and men and also provides ancillary services through its retail outlets in the UK.

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

#### **Results and Dividends**

The profit and loss account for the year is set out on page 5. The profit for the year, after taxation, amounted to £1,402,985 (2001: £3,153,902 loss).

The Directors recommend that an interim dividend of £125 per share (2001:£200) be paid for the year ended 31 January 2002, thus leaving £152,985 to be transferred to retained profits (2001: £5,153,902 transferred from retained profits).

#### **The Environment**

The Company is committed to environmental improvement and during the year the Austin Reed Group formed an Environmental Committee, comprised of managers from throughout the network. The Committee is in the early stages of development but will consider the implications of a number of issues, including package waste, use of raw materials, energy usage and transport.

#### **Directors**

The Directors of the Company at 31 January 2002 all of whom have served throughout the year, unless otherwise stated were:-

AJ Briggs  
G Gibson  
RW Jennings  
JP Johnston (Appointed 1 August 2001)

MA Tiffin retired as a director on 21 September 2001. No other changes have taken place.

### **Directors' Interests**

According to the register required to be kept by Section 325 of the Companies Act 1985, no director at 31 January 2002 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		Share Options				
	1 Feb 02	31 Jan 01	1 Feb 02	Granted	Exercised	Lapsed	31 Jan 01
AJ Briggs	2,584	2,584	40,000	-	-	-	40,000

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**

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

### **Employee Involvement**

The Company has maintained its arrangements for employee involvement.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

### **Auditors and Annual General Meeting**

Pursuant to a resolution passed by the members, the Company has elected 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.

### **Payment of Suppliers**

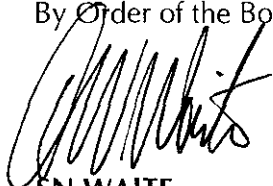
It is the Company's policy to pay its suppliers in accordance with the terms of trade which may be agreed at the time of order.

The Company's average credit payment period at 31st January 2002 was 40 days (2001: 27 days).

**Post Balance Sheet Event**

With effect from 1 April 2002 the assets and liabilities of the Country Casuals Group Pension Plan were transferred into the Austin Reed Pension Fund.

By Order of the Board



SN WAITE

Company Secretary

10 April 2002

**DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS**

The directors are required by UK Company Law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

In preparing the accounts for the year ended 31 January 2002 suitable accounting policies have been used and applied consistently, framed by reference to reasonable and prudent judgements and estimates. Applicable accounting standards have been followed and the accounts have been prepared on a going concern basis. The directors are responsible for keeping proper accounting records that 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 for ensuring that steps are taken to prevent and detect fraud and other irregularities.

By Order of the Board



SN WAITE

Company Secretary

10 April 2002

Independent Auditors' report to the members of Austin Reed Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 January 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Edinburgh

10 April 2002

For the year ended 31 January 2002

	Notes	2002 Continuing Operations £	2002 Discontinued Operations £	2002 Total £	2001 Continuing Operations £	2001 Discontinued Operations £	2001 Total £
Turnover	2	57,954,878	-	57,954,878	59,326,991	3,629,357	62,956,348
Cost of sales		28,758,434	-	28,758,434	29,631,027	3,929,416	33,560,443
Gross profit/(loss)		29,196,444	-	29,196,444	29,695,964	(300,059)	29,395,905
Operating expenses and other income	3	26,399,667	-	26,399,667	26,079,853	1,262,984	27,342,837
Operating profit/(loss)		2,796,777	-	2,796,777	3,616,111	(1,563,043)	2,053,068
(Profit)/loss on disposal of business	4	-	(752,000)	(752,000)	-	6,490,553	6,490,553
		2,796,777	752,000	3,548,777	3,616,111	(8,053,596)	(4,437,485)
Interest payable	5	(1,927,700)	-	(1,927,700)	-	-	-
Profit/(loss) on ordinary activities before taxation	6	869,077	752,000	1,621,077	3,616,111	(8,053,596)	(4,437,485)
Taxation	9	7,908	(226,000)	(218,092)	3,493,163	(2,209,580)	1,283,583
Profit/(loss) on ordinary activities after taxation		876,985	526,000	1,402,985	7,109,274	(10,263,176)	(3,153,902)
Dividends on equity shares paid and proposed	11	1,250,000	-	1,250,000	2,000,000	-	2,000,000
Retained profit/(loss) for the financial year	17	(373,015)	526,000	152,985	5,109,274	(10,263,176)	(5,153,902)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 January 2002

	Notes	2002 £	2001 £
Profit/(loss) for the financial year		1,402,985	(3,153,902)
Unrealised surplus/(deficit) on property revaluation	18	3,618,993	-
		5,021,978	(3,153,902)
Prior year adjustment		(56,000)	-
Total recognised gains and losses		4,965,978	(3,153,902)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31 January 2002

	2002 £	2001 £
Profit/(loss) on ordinary activities before taxation	1,621,077	(4,437,485)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	231,000	37,000
Historical cost profit/(loss) on ordinary activities before taxation	1,852,077	(4,400,485)
Historical cost profit/(loss) for the year retained after taxation and dividends	383,985	(5,116,902)

AUSTIN REED LIMITED  
BALANCE SHEET

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at 31 January 2002

	Notes	2002		2001 (restated)	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	12		38,382,542		34,314,560
<b>CURRENT ASSETS</b>					
Stocks	13	10,467,688		10,707,383	
Debtors	14	3,908,556		4,549,305	
Cash at bank and in hand		21,452		21,688	
		<u>14,397,696</u>		<u>15,278,376</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>22,665,629</u>		<u>23,573,305</u>	
			(8,267,933)		(8,294,929)
Total assets less current liabilities			<u>30,114,609</u>		<u>26,019,631</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>					
	10		1,458,277		1,329,277
			<u>28,656,332</u>		<u>24,690,354</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		45,000		45,000
Retained profit	17		2,229,959		2,076,974
Share premium account			1,627,681		1,627,681
Revaluation reserve	18		24,748,692		20,935,699
Capital redemption reserve			5,000		5,000
Total shareholder's funds	19		<u>28,656,332</u>		<u>24,690,354</u>
Equity shareholder's funds			28,621,332		24,655,354
Non-equity shareholder's funds			35,000		35,000
Total shareholder's funds			<u>28,656,332</u>		<u>24,690,354</u>

The accounts on pages 5 to 15 were approved by the Board of Directors on 10 April 2002 and are signed on its behalf by :

G Gibson



Director

at 31 January 2002

## 1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets, and Accounting Standards in the United Kingdom.

### Turnover

Turnover is the amount receivable from customers and licensees. 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 are valued every three years by a firm of independent chartered surveyors. Any increase or deficit on revaluation is reflected in the carrying value of the premises at that time. Any permanent diminution in value is charged to the profit and loss account. The latest triennial valuation was carried out as at 31 January 2002. No value is attributed to short term leases. Plant and fittings are included at cost.

Provision is made for the depreciation of fixed assets over their useful lives or 50 years if shorter where it is necessary to reflect a reduction from book value to estimated residual value.

It is the Company's policy to maintain its properties in a state of good repair to maximise their useful lives. Depreciation is provided on the building content of freehold properties in even amounts over 50 years to reflect a reduction to residual value. Long leasehold properties are written off in even amounts over the lease term.

Assets under construction include capitalised interest costs and directly attributable staff salaries. These assets are not depreciated until the asset is available for use.

It is general policy to write-off the historical cost of plant and fittings in even amounts over 10 years and motor vehicles and computer equipment over 4 years.

### Stocks

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

### Deferred Taxation

Following the introduction of FRS 19 we have reviewed the basis of our provision for deferred tax. As a result we have reduced the retained profit at 31 January 2000 by £56,000. There has been no change to the tax charge for the year to 31 January 2001.

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 is not provided on timing differences arising from revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. 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 2002

1. ACCOUNTING POLICIES (Continued)

Foreign Currencies

Profit and loss items are translated at appropriate average rates. Assets and liabilities are translated at the rates ruling at the end of the year with the exception of foreign currency debtors and creditors that are hedged by foreign currency forward contracts, which are translated at the forward rate. All other exchange differences are taken to the profit and loss account.

Pension Scheme

The company's pensionable employees are members of the Austin Reed Group contributory defined benefit scheme. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary. Actuarial surpluses are recognised over the expected average remaining service lives of the scheme members.

Following the introduction of FRS 17 the Group has made the additional disclosures required under the standard in note 28 to its accounts.

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. SEGMENT ANALYSIS

The analysis by class of business of turnover is set out below.

Turnover

	2002	2001
Class of business	£	£
Retail	55,721,998	57,372,686
Manufacturing	-	3,653,803
Inter-segment sales	-	(450,972)
Licensing	2,232,880	2,380,831
	<u>57,954,878</u>	<u>62,956,348</u>

	2002	2001
Sales by destination	£	£
United Kingdom	55,797,582	59,180,142
Rest of Europe	30,915	307,594
North America	771,956	1,488,405
Far East	1,311,866	1,774,840
Rest of World	42,559	205,367
	<u>57,954,878</u>	<u>62,956,348</u>

All sales originate from the UK.

Under the terms of Statement of Standard Accounting Practice No 25 a segment analysis of profit before taxation is not provided. A detailed review of segmental profit can be found in the accounts of the parent company.

at 31 January 2002

3. NET OPERATING EXPENSES

Net operating expenses are analysed as follows :-

	2002	2001
	£	£
Selling expenses	25,028,541	24,678,440
Administration expenses	1,371,126	2,691,229
Other operating (income)/charges:		
From fellow subsidiaries	-	(26,832)
	<u>26,399,667</u>	<u>27,342,837</u>

4. PROFIT ON DISPOSAL OF BUSINESS

The profit on disposal of the business of £752,000 relates to the sale of the business of Chester Barrie to Thompson Holdings (London) Limited in October 2000.

The net gain represents an additional pension surplus following the transfer of pension entitlement accruing to employees who joined the pension scheme of the new employer.

The tax charge for the year includes £226,000 in respect of this disposal.

5. INTEREST PAYABLE

	2002	2001
	£	£
Interest payable to parent company	1,927,700	-
	<u>1,927,700</u>	<u>-</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002	2001
	£	£
Profit on ordinary activities before taxation		
is stated after charging/(crediting) :		
Operating leases - land & buildings	7,063,322	6,817,463
- plant & machinery	454,748	563,111
Depreciation	1,924,555	2,090,357
(Gain)/loss on sale or disposal of fixed assets	(41,548)	741,775
Auditors' remuneration - Audit fees	30,000	30,000
- Non-Audit fees	25,000	25,000

at 31 January 2002

7. OPERATING LEASE COMMITMENTS

	2002		2001	
	Land & Buildings	Plant & Machinery	Land & Buildings	Plant & Machinery
	£	£	£	£
Annual commitments under operating leases at 31 January 2002 are as follows :				
Expiring within one year	1,392,544	11,754	1,121,852	10,925
Expiring between two and five years	304,300	404,351	494,916	229,987
Expiring in over five years	5,125,340	-	5,449,580	227,216
	<u>6,822,184</u>	<u>416,105</u>	<u>7,066,348</u>	<u>468,128</u>

8. EMPLOYEES

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

	2002 Number	2001 Number
Production	-	255
Selling and administration	604	611
	<u>604</u>	<u>866</u>

Staff costs during the year amounted to :

	£	£
Wages and salaries	9,834,232	11,793,069
Social security costs	804,999	957,191
Other pension costs	263,554	348,016
	<u>10,902,785</u>	<u>13,098,276</u>

Directors' Remuneration

	£	£
Aggregate emoluments	<u>80,583</u>	<u>86,184</u>

Retirement benefits are accruing to one director under a defined benefit pension scheme.

at 31 January 2002

9. TAXATION

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

	2002 £	2001 £
<b>Current tax</b>		
UK Corporation tax at 30.0% (2001 - 30.0%)	120,000	166,314
Group relief receivable	(260,908)	(1,368,401)
Adjustments in respect of prior years	36,000	90,270
	(104,908)	(1,111,817)
Less relief for overseas tax	(120,000)	(166,314)
	(224,908)	(1,278,131)
Overseas taxation	120,000	166,314
Total current tax	(104,908)	(1,111,817)
<b>Deferred tax</b>		
Origination and reversal of timing differences	772,000	152,557
Adjustments in respect of prior years	(449,000)	(324,323)
	218,092	(1,283,583)

**Reconciliation of current tax charge:**

Profit/(loss) on ordinary activities before taxation	1,621,077	(4,437,485)
Expected tax charge at standard rate	486,323	(1,331,246)
Expenses not deductible for corporation tax	104,000	80,000
Accelerated capital allowances & other timing differences	(731,231)	(66,571)
Adjustments to tax charge in respect of prior periods	36,000	90,000
Foreign tax not recoverable	-	116,000
Current tax charge for the year	(104,908)	(1,111,817)

Significant items altering the future tax charge, where deferred taxation is not provided, are shown within note 10.

10. PROVISION FOR LIABILITIES AND CHARGES

	2002 £	2001 £
<b>Deferred taxation</b>		
Amount provided at beginning of year (as previously stated)	1,329,277	1,391,221
Prior year adjustment	-	56,000
As restated	1,329,277	1,447,221
Transfer to/from profit and loss account	323,000	(171,766)
Transfer to/from fellow subsidiaries	-	76,500
Transfer to revaluation reserve	(194,000)	(22,678)
	1,458,277	1,329,277
Deferred taxation is provided on :		
Accelerated capital allowances	333,000	315,046
Deferred capital gains on properties	-	380,231
Short term timing differences	1,125,277	634,000
	1,458,277	1,329,277
Deferred taxation is not provided on :		
Heldover capital gains	450,000	75,000
Unrealised profit on revalued properties	1,820,000	1,701,232
	2,270,000	1,776,232

at 31 January 2002

# 11 DIVIDENDS PAID AND PROPOSED

	2002 £	2001 £
Dividends on equity shares		
Ordinary - Interim paid of £125 per share (2001: £200)	1,250,000	2,000,000
	<u>1,250,000</u>	<u>2,000,000</u>

# 12. FIXED ASSETS

	Freehold Property £	Leasehold Property £	Plant £	Motor Vehicles £	Assets under construction £	Total £
Cost (or Valuation) :						
At 1 February 2001						
- Valuation at 31 January 1999	12,600,000	12,000,000	-	-	-	24,600,000
- Cost	-	-	19,641,225	213,776	-	19,855,001
Additions	-	-	2,036,542	-	1,079,054	3,115,596
Disposals	-	-	(1,841,061)	-	-	(1,841,061)
Revaluation	1,415,000	1,900,000	-	-	-	3,315,000
At 31 January 2002	<u>14,015,000</u>	<u>13,900,000</u>	<u>19,836,706</u>	<u>213,776</u>	<u>1,079,054</u>	<u>49,044,536</u>
Depreciation :						
At 1 February 2001	32,835	12,528	9,913,928	181,150	-	10,140,441
Charges in the year	108,630	150,000	1,633,299	32,626	-	1,924,555
Disposals	-	-	(1,099,009)	-	-	(1,099,009)
Revaluation	(141,465)	(162,528)	-	-	-	(303,993)
At 31 January 2002	<u>-</u>	<u>-</u>	<u>10,448,218</u>	<u>213,776</u>	<u>-</u>	<u>10,661,994</u>
Net book value :						
At 31 January 2002	<u>14,015,000</u>	<u>13,900,000</u>	<u>9,388,488</u>	<u>-</u>	<u>1,079,054</u>	<u>38,382,542</u>
At 1 February 2001	<u>12,567,165</u>	<u>11,987,472</u>	<u>9,727,297</u>	<u>32,626</u>	<u>-</u>	<u>34,314,560</u>

Assets under construction includes capitalised interest of £nil.

All the freehold and leasehold properties were revalued on an existing use open market basis at 31 January 2002. The freehold property at Sackville Street, London and the long leasehold property at Regent Street, London were revalued by Nelson Bakewell, Chartered Surveyors.

All the remaining freehold properties were revalued by Hillier Parker, Chartered Surveyors.

The excess of the revaluation of freehold and leasehold properties over their original cost is represented by the Revaluation Reserve. No value has been attributed to any short leasehold properties.

The depreciation charge for the year based on the historical cost of properties would have been £1,693,555 (2001: £2,053,357)

at 31 January 2002

13. STOCK

	2002	2001
	£	£
Finished Goods	10,467,688	10,707,383
	<u>10,467,688</u>	<u>10,707,383</u>

14. DEBTORS

Amounts falling due within one year

	2002	2001
	£	£
Trade debtors	1,021,836	831,037
Other debtors	497,540	596,312
Group tax relief receivable	1,024,545	1,369,042
Prepayments	1,364,635	1,752,914
	<u>3,908,556</u>	<u>4,549,305</u>

15. CREDITORS

Amounts falling due within one year

	2002	2001
	£	£
Trade creditors	4,591,890	3,104,509
Amounts due to parent company	13,279,440	15,089,676
Other taxation and social security	2,613,926	2,868,696
Corporation tax payable	-	594,854
Accruals	2,180,373	1,915,570
	<u>22,665,629</u>	<u>23,573,305</u>

16. SHARE CAPITAL

	Authorised 2002 & 2001	Issued, Called-up & Fully Paid 2002 & 2001
	£	£
15,000 ordinary shares of £1 each	15,000	10,000
35,000 second preference shares of £1 each	35,000	35,000
	<u>50,000</u>	<u>45,000</u>

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

at 31 January 2002

17. RETAINED PROFIT

	2002 £	2001 £
At 1 February 2001 (as previously stated)	2,076,974	7,286,876
Prior year adjustment	-	(56,000)
At 1 February 2001 (restated)	2,076,974	7,230,876
Retained profit/(loss) for the year	152,985	(5,153,902)
At 31 January 2002	<u>2,229,959</u>	<u>2,076,974</u>

18. REVALUATION RESERVE

	2002 £	2001 £
At 1 February 2001	20,935,699	20,913,021
Revaluation of properties	3,618,993	-
Release of deferred taxation provided on property revaluation	194,000	22,678
At 31 January 2002	<u>24,748,692</u>	<u>20,935,699</u>

19. MOVEMENT IN SHAREHOLDER'S FUNDS

	2002 £	2001 (restated) £
Opening shareholder's funds	24,690,354	29,821,578
Other recognised gains	3,812,993	22,678
Retained profit/(loss) for the year	152,985	(5,153,902)
Closing shareholder's funds	<u>28,656,332</u>	<u>24,690,354</u>

at 31 January 2002

20. FUTURE CAPITAL EXPENDITURE

Contracts for capital expenditure for which provision  
has not been made in the accounts

13,255,000 -

21. CONTINGENT LIABILITY

The company and a fellow subsidiary have guaranteed a loan to its holding company. As at 31 January 2002 the balance on this loan was £15,753,000 (2001 - £17,443,000)

22. PENSION SCHEME

Eligible employees are members of the Austin Reed Group PLC pension scheme. This is a defined benefit scheme with assets held under trust for the benefit of members. The scheme is not contracted out of SERPS. The latest triennial actuarial valuation was conducted by an independent actuary as at 1 April 1999 using the projected unit method. The valuation assumed that investment returns would exceed general salary increases by 1.5 %.

The scheme was found to be fully funded with the actuarial value of the assets representing 126 % of the value of the liabilities. At the valuation date the market value of the assets was £54.7m. This surplus has enabled the company to continue with its contribution holiday.

23. ULTIMATE CONTROLLING PARTY

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

24. POST BALANCE SHEET EVENT

In March 2002, the Trustees of the Austin Reed Pension Fund and the Country Casuals Group Pension Plan agreed to the merger of their respective schemes to form a new pension scheme, the Austin Reed Group Pension Fund.

As a result of the combination, the Group will experience benefits of synergy but these are not significant and have not been quantified.

Members of both schemes were notified of the merger and the Trustees have confirmed to them that they will continue to enjoy the same benefits that they enjoyed prior to the merger.