Company No: 00510900

COUNTRY CASUALS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013

COUNTRY CASUALS LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JANUARY 2013

The Directors present the audited financial statements for the year ended 31 January 2013

Business Activities

The principal activities of the company are design, distribution and multiple retailing of ladies' fashion wear through free-standing shops and shop-in-shop concessions

The Directors expect that the present level of activity will remain robust in a challenging environment

Business Review

Introduction

The CC brand, formally known as Country Casuals, targets affluent women in their 40's, 50's and 60's with co-ordinated collections of contemporary clothes This female baby boomer generation is the focus of the business, CC exists to clothe them in a way that reflects their desire for modern, wearable fashion that is tailored to their needs This generation is not ageing as previous generations did but is demanding more contemporary clothes that reflect current fashions

Financial performance

Total turnover in the year to 31 January 2013 was £44 9m, representing a decrease of £0 8m (2%) compared to £45 7m achieved for the year to 31 January 2012

The turnover reduction is explained by the closure of a number of loss making stores in the year On a like-for-like basis sales were ahead of last year by 6 1%

Key Performance Indicators

A range of performance measures are used by management 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 became the Group's biggest store in 2012 and this sizeable operation is bringing new opportunities and challenges The overall group sales increased by 43% year on year Email acquisition was one of the major wins doubling the email file size resulting in a significant uplift in new online traffic The focus for 2013 is on building strategic multi-channel platforms (web and email) that provide powerful customer interactions and support international expansion

Marketing Strategy - *Looking & feeling great in quality and style*

The company continues to offer existing and new customers fabulous clothing for every occasion Jane Seymour continues to be the face of CC, now in her 11th season and each campaign has been well received The marketing strategy for the company has allowed us to showcase what CC can offer in style, advice and quality to its customers A focus on retaining loyal customers and acquiring new customers has been key via direct mail and local store events, including activity to capture customer data for future use A multi-channel approach has been used to ensure that E-Commerce developments such as Click & Collect are actively promoted to in store customers

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

Debt and Gearing

The Company has guaranteed the loans to its ultimate parent company Gajan Holdings Ltd These loans with Landsbanki Commercial Finance totalling £7 3m (2012 £8 7m) bear interest charged at LIBOR plus a margin

Dividends

The Accounts reflect an interim dividend of £nil (2012 £5m)

The Directors do not recommend the payment of a final dividend for the year ended 31 January 2013 (2012. £nil)

The Environment

The Health and Safety Committee meets regularly to consider a variety of health and safety issues applicable to the Group The Policy Manuals and Training Resources for both Store and Office Health and Safety were updated and re-issued for all business locations during 2009 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 the 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

The committees include representatives from throughout the Group, and continue to be chaired by the Company Secretary Their overall remit is to embed and further improve the co-ordination of sound risk management policies throughout the organisation

Directors

The Directors of the company at 31 January 2013, all of whom have served throughout the year, unless otherwise stated were

A Charlton
NW Hollingworth

A S Jacobs	Appointed 17 May 2012
P Klimt	Appointed 17 May 2012
A Klimt	Appointed 17 May 2012

Employment of Disabled Persons

The company continues to provide full and sympathetic consideration to the employment, training, career development and promotion of disabled people 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

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

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial 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

On behalf of the Board

A Charlton
Director
22 October 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNTRY CASUALS LIMITED

We have audited the financial statements of Country Casuals Limited for the year ended 31 January 2013 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 Auditing Practices Board'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 Financial Reporting Council'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 2013 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

Ian Beaumont (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds
United Kingdom
25 October 2013

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

For the year ended 31 January 2013

	Notes	2013 £	2012 Before Exceptional Items £	2012 Exceptional Items £	2012 £
Turnover	2	44,920,404	45,675,311	-	45,675,311
Cost of sales		(17,674,678)	(17,943,241)	-	(17,943,241)
Gross profit		27,245,726	27,732,070	-	27,732,070
Net operating expenses	3 & 7	(26,010,560)	(27,597,663)	(1,744,811)	(29,342,474)
Operating profit/(loss) before taxation	4	1,235,166	134,407	(1,744,811)	(1,610,404)
Taxation	8	(288,311)	(87,096)	459,234	372,138
Profit/(loss) for the financial year	17	946,855	47,311	(1,285,577)	(1,238,266)

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

All results derive from continuing operations

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit retained/(loss sustained) for the year stated above, and their historical cost equivalents

COUNTRY CASUALS LIMITED
BALANCE SHEET

at 31 January 2013

	Notes	2013		2012	
Company No 510900		£	£	£	£
FIXED ASSETS					
Tangible assets	10		4,898,685		5,369,302
CURRENT ASSETS					
Stock	11	6,865,652		8,195,587	
Debtors	12	8,408,578		7,313,982	
Cash at bank and in hand		526,715		864,904	
		15,800,945		16,374,473	
CREDITORS					
Amounts falling due within one year	13	(7,206,071)		(9,324,689)	
NET CURRENT ASSETS			8,594,874		7,049,784
Total assets less current liabilities			13,493,559		12,419,086
CREDITORS					
Amounts falling due after more than one year	14		(926,025)		(119,407)
PROVISION FOR LIABILITIES AND CHARGES	15		(1,620,000)		(2,299,000)
NET ASSETS			10,947,534		10,000,679
CAPITAL AND RESERVES					
Called up share capital	16		2,001		2,001
Profit and loss account	17		10,945,533		9,998,678
Shareholder's funds	18		10,947,534		10,000,679

The financial statements on pages 6 to 17 were approved by the Board of Directors and authorised for issue on 22 October 2013 and are signed on its behalf by

A Charlton Director

at 31 January 2013

1 ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout the periods under review and are in accordance with applicable United Kingdom Accounting Standards

The financial statements have been prepared for the 52 weeks ended 26 January 2013 The comparative period is for the 52 weeks ended 28 January 2012

The financial statements have been prepared under the historical cost convention

Turnover

Turnover is the amount receivable from customers Turnover excludes Value Added Tax and is recognised at the point of sale

Fixed Assets and Depreciation

Fixtures and equipment 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 in even amounts over 10 years and computer equipment over 4 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

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 Country Casuals Limited alone The pension scheme has been accounted for on a defined contribution basis in these financial statements

1 ACCOUNTING POLICIES (Continued)

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 obligations under the lease

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

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

	2013	2012
Sales by destination	£	£
United Kingdom	42,826,111	43,977,194
Continental Europe	2,094,293	1,698,117
	44,920,404	45,675,311

All sales originate from the United Kingdom

It is not possible to analyse profit/(loss) before taxation by geographic segment, therefore it has not been presented above

All net assets are situated in the United Kingdom

3 NET OPERATING EXPENSES

Net operating expenses are analysed as follows -

	2013	2012
	£	£
Selling expenses	24,707,975	27,483,865
Administration expenses	1,302,585	1,858,609
	26,010,560	29,342,474

at 31 January 2013

4 OPERATING PROFIT

	2013 £	2012 £
Operating profit/(loss) is stated after charging/(crediting)		
Depreciation	988,883	1,241,610
Loss on sale of fixed assets	92,050	417,175
Amortisation of leasehold property costs	257,939	224,000
Operating leases - land & buildings	5,238,913	5,277,812
- plant & machinery	46,069	44,454
Foreign currency gains	(466,340)	(342,919)
Auditors remuneration - audit fees	12,500	12,500
- tax services	12,000	10,260
Exceptional items (note 7)	-	1,744,811

5 OPERATING LEASE COMMITMENTS

	2013		2012	
	Land & Buildings £	Plant & Machinery £	Land & Buildings £	Plant & Machinery £
Annual commitments under operating leases at 31 January 2013 are as follows				
Expiring within one year	197,000	2,519	232,500	5,179
Expiring between two and five years	1,241,400	27,559	912,550	9,406
Expiring in over five years	3,729,523	-	3,797,142	-
	5,167,923	30,078	4,942,192	14,585

at 31 January 2013

6 EMPLOYEES

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

	2013 Number	2012 Number
Selling and administration	482	546

Staff costs during the year amounted to

	£	£
Wages and salaries	9,666,983	10,261,067
Social security costs	492,120	520,703
Other pension costs (note 20)	214,124	231,218
	10,373,227	11,012,988

The Group operates a centralised payroll function and therefore where these costs are not separately identifiable certain payroll related costs of this entity are borne by the parent company or fellow subsidiaries and recharged as appropriate

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

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

	2013 £	2012 £
Onerous lease provisions	-	1,572,000
Restructuring costs	-	172,811
	-	1,744,811

Onerous lease provisions 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
During the prior year, the Company decided to rationalise its store portfolio and therefore closed a significant number of branches in host stores where the return on investment did not reach the required level The exceptional costs above include both staff costs, property reparations and the cost of re-processing stock
The tax charge for the year includes a credit £nil (2012 £459,234) in respect of these items

8 TAXATION

The taxation charge/(credit) which is based on the profit/(loss) for the year is made up as follows -

	2013 £	2012 £
Current tax		
Group relief payable at 24 33% (2012 - 26 32%)	55,958	(251,792)
Adjustments in respect of prior years	140,464	51,419
	196,422	(200,373)
Overseas taxation	4,014	-
Total current tax charge/(credit)	200,436	(200,373)
Deferred tax		
Origination and reversal of timing differences	206,957	(134,075)
Adjustments in respect of prior years	(119,082)	(37,690)
Total deferred tax	87,875	(171,765)
Total tax charge/(credit) for the year	288,311	(372,138)
Reconciliation of current tax charge:		
Profit/(loss) on ordinary activities before taxation	1,235,166	(1,610,404)
Expected tax charge at standard rate of corporation tax at 24 33% (2012 26 32%)	300,480	(423,858)
Expenses not deductible for corporation tax purposes	(102,871)	65,671
Accelerated capital allowances & other timing differences	(136,768)	190,961
Adjustments to tax charge in respect of prior years	140,464	51,419
Difference in tax rate	(869)	-
Non-taxable income	-	(84,566)
Current tax charge/(credit) for the year	200,436	(200,373)

9 DIVIDENDS PAID AND PROPOSED

	2013 £	2012 £
Dividends declared and paid during the year		
Interim dividend per share for the year to 31 January 2013 £nil (2012 £2,498 75)	-	5,000,000
	-	5,000,000

10 TANGIBLE FIXED ASSETS

	Fixtures & Equipment £
Cost	
At 1 February 2012	8,769,910
Additions	610,316
Disposals	(245,256)
Written-out	(630,720)
At 31 January 2013	8,504,250
Depreciation	
At 1 February 2012	3,400,608
Charges in the year	988,883
Disposals	(153,206)
Written-out	(630,720)
At 31 January 2013	3,605,565
Net book value	
At 31 January 2013	4,898,685
At 31 January 2012	5,369,302

11 STOCK

	2013 £	2012 £
Finished Stock	6,865,652	8,195,587
	6,865,652	8,195,587

There are no material differences between the amounts stated above and their replacement cost

at 31 January 2013

12 DEBTORS

Amounts falling due within one year

	2013	2012
	£	£
Trade debtors	1,295,588	2,077,270
Amounts due from fellow subsidiaries	5,191,254	2,981,442
Other debtors	26,250	26,250
Deferred tax (note 15)	763,721	851,596
Prepayments	1,131,765	1,377,424
	8,408,578	7,313,982

13 CREDITORS

Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	3,925,481	3,159,124
Other taxation and social security	629,134	692,974
Corporation tax payable	-	-
Other creditors and accruals	2,651,456	5,472,591
	7,206,071	9,324,689

14 CREDITORS

Amounts falling due after more than one year

	2013	2012
	£	£
Deferred income	926,025	119,407
	926,025	119,407

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

15 PROVISION FOR LIABILITIES AND CHARGES

	2013	2012
	£	£
Provisions		
At 1 February 2012	2,299,000	744,000
Additions in respect of property provisions	-	1,572,000
Credit to profit in the year	(679,000)	(17,000)
At 31 January 2013	1,620,000	2,299,000

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 5 6%,
- the discounted value of annual rental payments to the end of the lease using a risk free discounted rate of 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 They 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 provisions are mostly expected to be utilised over the next seven years The discounting of the provision remaining at the end of 2013 is not considered to have a material impact to the level of the provision

Deferred taxation provided for in the accounts at 23% (2012 - 25%) is as follows -

	2013	2012
	£	£
Amount provided at beginning of year	(851,596)	(679,831)
Charge/(credit) to profit and loss account	87,875	(171,765)
	(763,721)	(851,596)
Deferred taxation is provided on		
Accelerated capital allowances	(752,221)	(826,596)
Short term timing differences	(11,500)	(25,000)
Deferred tax asset (note 12)	(763,721)	(851,596)

The passing of the Finance Bill 2013 in July 2013 substantially enacted a reduction in the corporation tax rate in the UK to 21% from 1 April 2014 and a further fall to 20% from April 2015 The effect of these proposals will be to reduce the ultimate realisable value of deferred tax assets by £99,615

at 31 January 2013

16 SHARE CAPITAL

	2013	2012
	£	£
Issued, called up and fully paid		
Ordinary Shares of £1 each	2,001	2,001

17 PROFIT AND LOSS ACCOUNT

	2013
	£
At 1 February 2012	9,998,678
Profit for the year	946,855
At 31 January 2013	10,945,533

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2013
	£
Opening shareholder's funds	10,000,679
Profit for the year	946,855
Closing shareholder's funds	10,947,534

19 FUTURE CAPITAL EXPENDITURE

	2013	2012
	£	£
Contracts for capital expenditure for which provision has not been made in the accounts	-	220,000

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 SERPS The latest triennial actuarial valuation was conducted by an independent actuary as at 1 April 2010 using the projected unit method The valuation assumed that 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 2010 with assets representing 89% of the value of liabilities At the valuation date, the market value of assets was £66 9 million

Under the requirements of FRS17, additional disclosure is required However, as the assets of the Fund cannot be identified between those attributable to Country Casuals Limited 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

at 31 January 2013

21 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 Country Casuals 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