Company No: 00510900

COUNTRY CASUALS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2014

STRATEGIC REPORT

The Directors present their strategic report together with the audited financial statements for the year ended 31 January 2014.

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 2014 was £39.8m, representing a decrease of £5.1m (11%) compared to £44.9m achieved for the year to 31 January 2013.

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

Marketing Strategy

The company continues to offer existing and new customers fabulous clothing for every occasion. 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.

Principal Risks and Uncertainties (continued)

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 loans to its ultimate parent company Gajan Holdings Ltd. These loans with Landsbanki Commercial Finance totalling £7.3m (2013: £7.3m) bear interest charged at LIBOR plus a margin.

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.

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.

On behalf of the Board

A Charlton
Director

29 October 2014

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 January 2014.

Dividends

The Accounts reflect an interim dividend of £nil (2013: £nil). The Directors do not recommend the payment of a final dividend for the year ended 31 January 2014 (2013: £nil).

Directors

The Directors of the company at 31 January 2014, all of whom have served throughout the year, unless otherwise stated were:

A Charlton
NW Hollingworth
A S Jacobs

P Klimt	Resigned 21 May 2014
A Klimt	Resigned 21 May 2014

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

29 October 2014

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 2014 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 2014 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
29 *October 2014*

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

For the year ended 31 January 2014

	Notes	2014 Before Exceptional Items £	2014 Exceptional Items £	2014 £	2013 £
Turnover	2	39,785,628	-	39,785,628	44,920,404
Cost of sales		(16,650,791)	-	(16,650,791)	(17,674,678)
Gross profit		23,134,837	-	23,134,837	27,245,726
Net operating expenses	3 & 7	(19,731,269)	(1,245,000)	(20,976,269)	(26,010,560)
Operating profit/(loss) before taxation	4	3,403,568	(1,245,000)	2,158,568	1,235,166
Taxation	8	(1,036,650)	288,342	(748,308)	(288,311)
Profit/(loss) for the financial year	16	2,366,918	(956,658)	1,410,260	946,855

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.

at 31 January 2014

	Notes	2014		2013	
Company No. 510900		£	£	£	£
FIXED ASSETS					
Tangible assets	9		4,257,464		4,898,685
CURRENT ASSETS					
Stock	10	6,216,467		6,865,652	
Debtors	11	10,409,860		8,408,578	
Cash at bank and in hand		322,536		526,715	
		16,948,863		15,800,945	
CREDITORS					
Amounts falling due within one year	12	(5,887,701)		(7,206,071)	
NET CURRENT ASSETS			11,061,162		8,594,874
Total assets less current liabilities			15,318,626		13,493,559
CREDITORS					
Amounts falling due after more than one year	13		(740,832)		(926,025)
PROVISION FOR LIABILITIES AND CHARGES	14		(2,220,000)		(1,620,000)
NET ASSETS			12,357,794		10,947,534

CAPITAL AND RESERVES			
Called up share capital	15	2,001	2,001
Profit and loss account	16	12,355,793	10,945,533
Shareholder's funds	17	12,357,794	10,947,534

The financial statements on pages 6 to 17 were approved by the Board of Directors and authorised for issue on 29 October 2014 and are signed on its behalf by :

A Charlton Director

at 31 January 2014

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 25 January 2014. The comparative period is for the 52 weeks ended 26 January 2013.
The financial statements have been prepared under the historical cost convention.

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.

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 or 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.

at 31 January 2014

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 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.

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

Sales by destination	2014 £	2013 £
United Kingdom	38,010,087	42,826,111
Continental Europe	1,775,541	2,094,293
	39,785,628	44,920,404

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 :-

	2014 £	2013 £
Selling expenses	18,952,424	24,707,975
Administration expenses	2,023,845	1,302,585
	20,976,269	26,010,560

4. OPERATING PROFIT

	2014	2013
	£	£
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation	875,285	988,883
Loss on sale of fixed assets	222,401	92,050
Amortisation of leasehold property costs	269,468	257,939
Operating leases - land & buildings	4,801,055	5,238,913
- plant & machinery	44,948	46,069
Foreign currency gains	(1,149,026)	(466,340)
Auditors remuneration - audit fees	12,500	12,500
- tax services	12,000	12,000
Exceptional items (note 7)	1,245,000	-

5. OPERATING LEASE COMMITMENTS

	2014		2013	
	Land & Buildings	Plant & Machinery	Land & Buildings	Plant & Machinery
	£	£	£	£
Annual commitments under operating leases at 31 January 2014 are as follows :				
Expiring within one year	469,561	-	197,000	2,519
Expiring between two and five years	1,114,142	54,685	1,241,400	27,559
Expiring in over five years	3,164,667	-	3,729,523	-
	4,748,370	54,685	5,167,923	30,078

6. EMPLOYEES

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

	2014 Number	2013 Number
Selling	310	482

Staff costs during the year amounted to :

	£	£
Wages and salaries	5,819,261	9,666,983
Social security costs	300,396	492,120
Other pension costs (note 18)	134,561	214,124
	6,254,218	10,373,227

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.

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:

	2014 £	2013 £
Onerous lease provisions	1,245,000	-

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 14.
The tax charge for the year includes a credit £288,342 (2013: £nil) 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 :-

	2014 £	2013 £
Current tax		
Group relief payable at 23.16% (2013: 24.33%)	655,846	55,958
Adjustments in respect of prior years	168,051	140,464
	823,897	196,422
Overseas taxation	-	4,014
Total current tax charge	823,897	200,436
Deferred tax		
Origination and reversal of timing differences	(131,387)	206,957
Effect of rate change	106,188	-
Adjustments in respect of prior years	(50,390)	(119,082)
Total deferred tax	(75,589)	87,875
Total tax charge for the year	748,308	288,311
Reconciliation of current tax charge:		
Profit on ordinary activities before taxation	2,158,568	1,235,166
Expected tax charge at standard rate of corporation tax at 23.16% (2013: 24.33%)	499,960	300,480
Expenses not deductible for corporation tax purposes	69,817	(102,871)
Accelerated capital allowances & other timing differences	152,123	(136,768)
Adjustments to tax charge in respect of prior years	168,051	140,464
Difference in tax rate	-	(869)
Non-taxable income	(66,054)	-
Current tax charge for the year	823,897	200,436

at 31 January 2014

9. TANGIBLE FIXED ASSETS

	Fixtures & Equipment £
Cost	
At 1 February 2013	8,504,250
Additions	456,465
Disposals	(476,282)
Written-out	(890,702)
At 31 January 2014	7,593,731
Depreciation	
At 1 February 2013	3,605,565
Charges in the year	875,285
Disposals	(253,881)
Written-out	(890,702)
At 31 January 2014	3,336,267
Net book value	
At 31 January 2014	4,257,464
At 31 January 2013	4,898,685

The net book value of tangible fixed assets includes an amount of £361,000 (2013: £nil) in respect of assets held under finance leases by the parent company, Austin Reed Group Limited. The depreciation charged in the year on assets held under finance leases was £40,000 (2013: £nil). The amounts outstanding under the lease in respect of these assets at 31 January 2014 was £272,000 (2013: £nil).

10. STOCK

	2014 £	2013 £
Finished stock	6,216,467	6,865,652
	6,216,467	6,865,652

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

at 31 January 2014

11. DEBTORS

Amounts falling due within one year

	2014	2013
	£	£
Trade debtors	1,453,804	1,295,588
Amounts due from fellow subsidiaries	6,933,084	5,191,254
Other debtors	-	26,250
Deferred tax (note 14)	839,310	763,721
Prepayments	1,183,662	1,131,765
	10,409,860	8,408,578

12. CREDITORS

Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	3,164,033	3,925,481
Other taxation and social security	612,682	629,134
Other creditors and accruals	2,110,986	2,651,456
	5,887,701	7,206,071

13. CREDITORS

Amounts falling due after more than one year

	2014	2013
	£	£
Deferred income	740,832	926,025
	740,832	926,025

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.

at 31 January 2014

14. PROVISION FOR LIABILITIES AND CHARGES

	2014 £	2013 £
Provisions		
At 1 February 2013	1,620,000	2,299,000
Additions in respect of property provisions	1,245,000	-
Credit to profit in the year	(645,000)	(679,000)
At 31 January 2014	2,220,000	1,620,000

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. 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 provisions are mostly expected to be utilised over the next seven years. The discounting of the provision remaining at the end of 2014 is not considered to have a material impact to the level of the provision.

Deferred taxation provided for in the accounts at 20% (2013 - 23%) is as follows :-

	2014 £	2013 £
Amount provided at beginning of year	(763,721)	(851,596)
(Credit)/charge to profit and loss account	(75,589)	87,875
	(839,310)	(763,721)
Deferred taxation is provided on :		
Accelerated capital allowances	(839,310)	(752,221)
Short term timing differences	-	(11,500)
Deferred tax asset (note 11)	(839,310)	(763,721)

at 31 January 2014

15. SHARE CAPITAL

	2014 £	2013 £
Issued, called up and fully paid		
Ordinary Shares of £1 each	2,001	2,001

16. PROFIT AND LOSS ACCOUNT

	2014 £
At 1 February 2013	10,945,533
Profit for the year	1,410,260
At 31 January 2014	12,355,793

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2014 £
Opening shareholder's funds	10,947,534
Profit for the year	1,410,260
Closing shareholder's funds	12,357,794

18. 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 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.

19. CONTINGENT LIABILITY

The company and fellow subsidiaries are part of a cross guarantee in relation to a loan to their parent company, Darius Capital Limited. At 31 January 2014 the balance on the loan was £7,348,030 (2013: £7,348,030).

at 31 January 2014

20. 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.