

Company number: 1618428

New Look Retailers Limited

Annual report and financial statements

For the 52 weeks ended 29 March 2014

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New Look Retailers Limited

Strategic report

The Directors present their Strategic report on New Look Retailers Limited (“the Company”) for the 52 weeks ended 29 March 2014 (comparatives for the 53 weeks ended 30 March 2013).

PRINCIPAL ACTIVITIES

The principal activity of the Company is the retailing of clothing, footwear and accessories under the “New Look” brand through stores in the United Kingdom (UK) and the Isle of Man, online and through franchise partners in the Middle East, North Africa, Russia, Singapore, Ukraine, Malta, Indonesia, South East Europe, the Balkans, Azerbaijan, Armenia, Kazakhstan, Georgia and Thailand.

New Look is a leading clothing and accessories retail business with a strong market position in the UK both in-store and online and a growing international footprint. New Look’s vision is to be the chosen brand for an inspiring, accessible fashion experience.

STRATEGIES AND OBJECTIVES

New Look operates a flexible, fast-fashion business model that allows us to react quickly to emerging trends and deliver exciting, fashionable product ranges with a constant sense of newness.

Although our attractive price architecture positions New Look in the value sector, we strive for ‘best in class’ service standards as well as a consistent ‘one voice’ customer experience across all channels and markets.

Whilst the UK remains New Look’s single biggest market, we have an increasingly important international foothold. We’ve also embraced new opportunities of the digital era, becoming a truly multichannel business. Now, as well as at New Look stores throughout the UK and overseas, customers shop with us online at newlook.com, via our mobile app, or through 3rd Party E-commerce partners. Additionally, they engage with us on Facebook, Twitter, YouTube and our other social media platforms.

The long term goal for the Company is to continue to grow the multi-channel opportunity and to further expand its International business through own stores, partnerships and franchise partners; and to support New Look Retail Group Limited and its subsidiaries (“the Group”) to be the chosen brand for an inspiring, accessible fashion experience.

New Look aims to achieve this through the following five strategies:

Brand – We strive to be the chosen brand for an inspiring and accessible fashion experience – helping people express themselves, look good and feel great. Brand investment continues to be focussed on the in-store refurbishment programme we’ve coined as the ‘Concept’ fit-out; to align our product and customer experience. This programme is fundamental to providing a consistent customer experience that reinforces our brand promise and drives value through increased perceptions of quality, value and range. We also remain committed to driving enhancements in customer service to create a seamless brand experience across all channels.

New Look Retailers Limited

Strategic report (continued)

STRATEGIES AND OBJECTIVES (continued)

People – New Look stores buzz with talented, fashion-focussed people committed to delivering an outstanding customer experience.

Our London Support Centre houses our Buying, Merchandising, Design, Multi-channel, International Partnerships and Marketing teams, while our Weymouth support centre has our IT, Finance, Audit, Procurement, Property and Human Resources teams. At our three state-of-the-art distribution centres at Lymedale, Staffordshire, staff handle around 2.9 million units of stock per week plus global fulfilment of all E-commerce orders. We remain fully committed to recognising success and rewarding the efforts of our people.

Product – New Look's unique proposition – combining value with fashion and newness – differentiates us from other retailers in the value segment. Operating at the crest of the fashion wave, we build new trends in-store every 6 to 8 weeks, with fresh lines being dropped in daily. Going forward, our objective is to drive better engagement with existing customers and attract new customers through a better product offer - including head-to-toe interpretations of key looks, to encourage add on and multiple sales. Without compromising our fundamental reputation for value, we intend to stretch our price architecture by introducing some premium products at higher price-points. We also plan a major development of our menswear offer geared to enhancing its online appeal, increasing its in-store prominence, and raising its share of our total business.

International – The Group will continue to build a global brand by understanding the local customer with a development strategy that works both globally through markets and models and locally through its value proposition. Another key driver is to have the appropriate product offer through efficient supply chain and sourcing. The Company will also continue to build on its existing franchise businesses which traded from 125 stores as at 30 March 2014 (2013: 126). This low investment, low risk model delivers high exposure for our brand in international markets.

Multi-channel – Our objective is for our E-commerce and retail propositions to be best in class, and to share our unique brand personality through a seamless customer experience across all channels.

We plan to improve the in-store shopping experience further by continuing investment in our major refurbishment programme and converting further stores to our highly successful new 'Concept' format. We plan to continue our investment in our own website with further development of our mobile app and improvements in our delivery service options. We're committed to making sure our support infrastructure can meet all future capacity needs. Capitalising on brand awareness in existing markets and providing an opportunity for low risk trial entry to new markets, we've formed strategic partnerships with selected website providers who buy New Look product and market it to their audiences. Based on our initial success with this model, we intend to develop further 3rd Party E-commerce channels.

We have an impressive social media presence, with close to 3 million people 'liking' us on Facebook and over 170,000 following us on Twitter.

New Look Retailers Limited

Strategic report (continued)

BUSINESS REVIEW

During the financial period, the Company opened 1 new store, relocated 4 stores and closed 14 stores reducing the total number of UK stores to 574 (2013: 587). Through franchise partners, the Company has 125 franchise stores (2013: 126) in 16 countries. During the financial period, another Group company acquired 10 franchise stores in Poland. The Company operates a product supply joint venture in Turkey.

The period ended 29 March 2014 has seen New Look develop greater brand consistency across all aspects of the customer experience. We maintained our UK market share* and we were thrilled that New Look was named Britain's favourite fashion brand in the authoritative annual Fashion Brands Index (FBI)**.

Increases in revenue, 2.0% to £1,273,813,000 and adjusted EBITDA***, 2.5% to £202,901,000, reflect the benefits of the Company's store refurbishment programme and expanding E-commerce activities. Within the UK, more customers than ever before used our 'Click and Collect' and 'Order In Store' services. Our new in-house fulfilment facility at Lyndale fully supports our increasing online sales and extended range of delivery options.

The financial period also saw important developments in 3rd Party E-commerce. Building on the success of our partnership with ASOS, we signed agreements with a further 6 partners, as follows:

Country	3rd party
UK	Asos
India	Koovs
Germany	La Moda
Denmark	Smart Guy
Australia	The Iconic
Germany	Zalando
Singapore	Zalora

This has extended our global reach, giving us exposure in markets where we previously had little or no presence. We're very encouraged by the initial performance of these new channels.

Further details of the Company's KPIs can be found in the Financial Review section of the Strategic Report on pages 46 to 53 of the Annual Report and Accounts 2014 of New Look Retail Group Limited which can be obtained from www.newlookgroup.com.

The marketplace

Consumer confidence shows some signs of recovery in the UK, although concerns such as rising living costs, fuel cost inflation, a difficult employment market and fiscal austerity measures continue to affect overall spending capacity. As E-commerce continues to grow at the expense of traditional high streets, retailers with a strong multi-channel presence are reaping the benefits from changes in shopping behaviour. Today's cautious consumers are increasingly likely to use a variety of channels to browse and make comparisons ahead of any purchase.

* Women's clothing and accessories market by value and volume, year to March 2014, as measured by Kantar Worldpanel.

** Results based on survey of 10,000 respondents by brand recommendation site, dressipi.com.

*** Adjusted EBITDA, a non IFRS measure, is calculated as the Group's underlying operating profit before depreciation of tangible fixed assets, amortisation of intangible fixed assets and the income statement charge in relation to the Group's onerous lease provision.

New Look Retailers Limited

Strategic report (continued)

BUSINESS REVIEW (continued)

Brand

Building on the proven success of our store refurbishment programme, we transformed a further 104 New Look stores during the financial period. Over 40% of our stores now trade in our performance-enhancing 'Concept' format.

We're close to completing the roll-out of our distinctive new logo (launched in the prior financial period). Its clean, contemporary rendering of the New Look name now graces our product labelling, garment hangers, advertising, E-commerce and social media platforms – as well as facias at most of our stores. The final store-front conversions are planned for completion in the next financial period.

Product

Our focus on placing the customer at the heart of everything we do continues to have a significant impact on shaping our product ranges. Our response to celebrity fashion looks and emerging trends was always tempered by a relevance to the people who shop with us. So, while we continued to deliver excitement and newness, and in some key areas extend our price architecture, we never lost sight of our credentials for great value.

We increasingly develop head-to-toe versions of key trends, presenting them in-store and online as a whole 'look' to inspire add-on purchasing. Our seasonal footwear performed well, with strong sales of high summer sandals during July and August and an excellent reaction to our ankle boots throughout autumn and winter. Building on our women's jeans range, we aimed to extend our reach still further, by relaunching our denim offer during the financial period, adding a Premium Denim range to complement our core product, thereby enhancing choice and stretching our price architecture. Younger shoppers clearly liked what we were doing. Our teenwear ranges, delivered their best-ever performance and secured number 1 position in the UK market.*

Growth in multi-channel offering

Our online sales continued to advance strongly during the financial period, with growth of 59.2% compared to the previous financial period.

Key developments in the financial period included personalisation of the homepage according to gender, an augmented search capacity to deliver more relevant results and improved page performance. Customers can also now see their recently viewed items, and create wishlists which can then be shared on social media. In response to the increasing potential of M-commerce, we've developed a greatly enhanced user-interface for mobile devices.

Following our initial success with ASOS, the financial period also saw significant developments in 3rd Party E-commerce, with 6 further partners (as detailed above) and taking our brand into territories where we previously had little or no presence. Early results validate our belief that these additional channels will become an important addition to our established activities.

As well as generating cost-savings, the migration of UK and global E-commerce fulfilment to our purpose-built distribution centre at Lymedale in Staffordshire delivered important improvements in delivery times and customer service.

* Apparel (excluding underwear) bought for ages 9 to 15; measure for year to March 2014, according to Kantar Worldpanel

New Look Retailers Limited

Strategic report (continued)

BUSINESS REVIEW (continued)

We continue to achieve impressive engagement levels across our various social media platforms, with close to 3 million people now 'liking' us on Facebook alone. One example of the financial period's host of social successes was our Winter Wishes pre-Christmas competition, devised to re-engage our fanbase and reward them for continued loyalty.

International development through our franchise partners

Our International business continued to extend our distinctive look and feel into our international markets, with refit projects in a number of our Franchise partners, which are now represented by 125 (2013: 126) partnership stores across 16 (2013: 20) markets. The Franchise business saw an increase in revenue of 2.4% year on year. The incremental increase in like-for-like stores and sales was offset by the continued financial difficulties experienced by our Russian partner that saw a slow down in the amount of product being sold, and the purchase of 10 Polish stores by another Group company.

Country	Franchise partner	Stores 29-Mar-14	Space (sq ft) 29-Mar-14
Middle East / North Africa	Landmark	61	399,000
Russia	Delta Sport Russia	20	136,000
Poland	Ultimate Fashion	-	-
Singapore	Jay Gee	7	26,000
Malta	Hudson International	3	17,000
Ukraine	Delta Sport Ukraine	6	27,000
Indonesia	PT Map	12	41,000
Romania	Fourlis	7	28,000
Montenegro	Delta Holding	-	-
Morocco	Aksal	-	-
Serbia	Delta Holding	-	-
Croatia	Delta Holding	-	-
Azerbaijan	Alhokair	1	5,000
Armenia	Alhokair	2	10,000
Kazakhstan	Alhokair	1	5,000
Georgia	Alhokair	2	8,000
Libya	Hudson International	2	6,000
Thailand	Map Active	1	4,000
Total		125	712,000

Stores 30-Mar-13	Space (sq ft) 30-Mar-13
57	380,000
19	134,000
11	62,000
6	30,000
3	18,000
5	24,000
8	32,000
7	29,000
1	5,000
1	7,000
1	3,000
2	10,000
1	5,000
1	6,000
-	-
1	5,000
1	4,000
1	4,000
126	758,000

New Look Retailers Limited

Strategic report (continued)

BUSINESS REVIEW (continued)

Principal risks and uncertainties

As a wholly-owned subsidiary of New Look Retail Group Limited ("the Group"), the identification, management and reporting of the risks of the Company are undertaken at the group level. It is recognised that the Company at any point in time is exposed to a number of risks. The following table details the most significant risks as identified by the Board together with the relevant mitigation. It should be noted that any system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

External/strategic risks

Risk type	Description of risk	Risk mitigation
Unfavourable economic conditions	<ul style="list-style-type: none"> • Consistent fall in customer spending and erosion in consumer confidence as a result of prolonged economic downturn and other macro-economic factors. • Uncertainty over international economic climate. 	<ul style="list-style-type: none"> • The latest independent market information fully reflected in our internal plans and forecasts. • Adapting to the changes in core customers' disposable incomes through the delivery of a compelling product range (fashion, value and newness) at competitive prices. • Regular reviews and forecasting process to enable actions reflecting current market climate.
Competition	<ul style="list-style-type: none"> • Loss of market share to rival value operators. • Ease of entry to market via e-commerce and attractive opportunities arising from depressed property market. 	<ul style="list-style-type: none"> • Investment in Brand to differentiate New Look from other value fashion retailers. • Maintenance of our value fashion proposition through appropriate price architecture as well as desirable, on-trend product ranges. • Cohesive multi-channel strategy to secure our brand's significance in the digital as well as physical marketplace. • Development of additional product ranges to reach new customers and extend our target audience.
Business strategy development and implementation	<ul style="list-style-type: none"> • Failure to adopt the right business strategy in a very difficult consumer market (both UK and International) would prove critical to the success of the business. • Distractions of high profile projects from day to day business needs. 	<ul style="list-style-type: none"> • Top down integration of leadership message into all aspects of strategy. • Macro-economic and industry-specific trends affecting the Group are constantly reviewed. • The annual budget and 3 year planning process identifies key drivers to increasing revenue and Adjusted EBITDA. • Aligning resources to ensure project management delivers on objectives. • Monthly measurement of performance against key attributes of the business strategy.

New Look Retailers Limited

Strategic report (continued)

BUSINESS REVIEW (continued)

Principal risks and uncertainties (continued)

Operation risks

Risk type	Description of risk	Risk mitigation
Product design and proposition	<ul style="list-style-type: none"> • Failure to maintain our reputation for compelling fashion at attractive prices. • Inability to respond swiftly to changing customer preferences and key trends. 	<ul style="list-style-type: none"> • Effective adoption of target customer profiling to better inform buying decisions. • Stronger integration of buyers and designers working closely with suppliers. • Recognisable and consistently delivered product handwriting. • Robust and transparent process for trialling and evaluating emerging trends and reviewing feedback mechanisms. • Development of open costing approach to ensure our value offering is maintained.
Sourcing strategy	<ul style="list-style-type: none"> • Lack of speed and flexibility in the supply chain, leading to greater risk in buying decisions and potential loss of margin through higher markdowns. • Disruption to supply chain arising from strikes, civil unrest, political turmoil or natural disasters. • Ethical standards failure within the supply chain, leading to reputational damage to our brand. 	<ul style="list-style-type: none"> • Strong and robustly supported sourcing team responsible for maintaining an efficient and effective supply chain. • Suppliers treated as key business partners, working to shared objectives such as reduced lead times, enhanced quality control and better employment practices. • Structured audit processes at factories throughout our supply chain, conducted by internal and external teams, and support for suppliers working towards full compliance with our ethical aims. • Regular review of supply chain and routes to maximise flexibility and sustain fulfilment of product demand across all channels. • Pro-active membership of the Ethical Trading Initiative.
Stock management	<ul style="list-style-type: none"> • Ineffective controls over the management of stock could impact either gross margin or product availability. 	<ul style="list-style-type: none"> • Policy of maintaining 'open to buy' ensuring effective response to emerging trends and improved ability to have enough of the right product available (in-store and online) at the right time. • Regular reviews and forecasting updates to ensure forward orders can be adjusted where appropriate. • Effective use of data analytics tools to optimise stock allocation and replenishment.

New Look Retailers Limited

Strategic report (continued)

BUSINESS REVIEW (continued)

Principal risks and uncertainties (continued)

Operation risks (continued)

Risk type	Description of risk	Risk mitigation
Leadership	<ul style="list-style-type: none"> • Failure to attract or retain talent; departure of key personnel. • Lack of leadership at all levels to deliver the key business strategies. 	<ul style="list-style-type: none"> • Maintenance of clear leadership message identifying our primary objectives plus the five pillars of the business: brand, people, product, international and multichannel. • Regular reviews of management structure to ensure capability and succession. • Regular, effective performance reviews, leadership assessments, and training and development in place. • The Group Remuneration Committee ensures appropriate incentive plans are in place.
Multi-channel	<ul style="list-style-type: none"> • Failure to meet customer expectations across all channels undermining our multichannel proposition. • Lack of cohesion between channels confusing or compromising the customer experience. • Compromise of brand identity or loss of pricing control arising from 3rd Party E-commerce platforms. 	<ul style="list-style-type: none"> • Detailed review of all channels and a 'one voice' policy to ensure customer expectations are consistently met. • In-house fulfilment operation maximising control, flexibility, efficiency and cost-containment. • Effective use of data analytics and other research tools, plus close monitoring of customer feedback on social media platforms and other channels. • Stringent agreements in place with all 3rd Party E-commerce partners.
International expansion	<ul style="list-style-type: none"> • Continuance of a tough international economic climate. • Failure to secure entry into markets of choice or problems in partner selection. • Failure to grow the international business successfully through franchise operations, wholly-owned businesses and E-commerce. • New Look product inappropriate for or poorly received by new markets. • Cultural, language and time differences creating communication difficulties across our international workforce. • UK-centric mindset. • Geo-political instability arising in key growth markets. • Difficulties in integrating E-commerce platforms with international store network. 	<ul style="list-style-type: none"> • Increased International experience on main Board and among senior management. • Clear focus on best territories for future growth, plus best trading model for each country in which we already operate. • Careful analysis of cultural fit with the New Look brand and thorough due diligence of partners. • Product ranges selected and developed to ensure relevance in different markets. • Recruitment of local workforce, plus effective and consistent training and support for all new employees. • Consistent effort to instill international focus in all aspects of planning and strategy. • Continuing investment in technology and infrastructure.

New Look Retailers Limited

Strategic report (continued)

BUSINESS REVIEW (continued)

Principal risks and uncertainties (continued)

Operation risks (continued)

Risk type	Description of risk	Risk mitigation
IT systems and business continuity	<ul style="list-style-type: none"> • Inability of systems to process core transactional data or to provide key decision-making reporting. • Systems failure compromising security or fulfilment of online transactions. • Data protection failure leading to potential prosecution and reputational damage to our brand. 	<ul style="list-style-type: none"> • Investment in new and existing IT systems is a key part of our business strategy. • Back-up procedures in place to deal with any short-term or specific loss of data; business continuity plan in place and tested to deal with any serious incident or loss of systems capability. • Provision of secure externally hosted data storage facilities. • On-going PCI compliance for transactional website.
Warehousing and distribution	<ul style="list-style-type: none"> • Failure to maintain the infrastructure required to support a growing international multichannel fast-fashion business. • Inability to recover from a major incident. • Inability to cope with increasing demand of online fulfilment in-house. • Inability to offer convenient and competitive delivery options for online orders, leading to loss of market share to competitors. 	<ul style="list-style-type: none"> • Business continuity plans developed and tested for all locations and operations throughout the Group. • Enhancement of capacity at our purpose-built distribution centre in Lymedale to cope with projected growth of our E-commerce business. • Continuing review of international supply chain and support infrastructure as business develops globally. • Continuing investment in technology and infrastructure to maintain best in class service options.

Financial risks

Risk type	Description of risk	Risk mitigation
Credit risk and liquidity	<ul style="list-style-type: none"> • The Group's level of indebtedness, tough financial markets and exposure to interest and currency rate volatility could constrain the business and its ability to grow. 	<ul style="list-style-type: none"> • Regular review of the Group's current debt position and potential interest and currency rate exposure. • Treasury policy in place, aiming to hedge interest and currency rates over the medium term. • Weekly cash flow forecasting and quarterly covenant reporting commencing on the quarter ending nearest to 30 June 2014.

New Look Retailers Limited

Strategic report (continued)

BUSINESS REVIEW (continued)

Principal risks and uncertainties (continued)

Financial risks (continued)

Risk type	Description of risk	Risk mitigation
Cost inflation	<ul style="list-style-type: none"> • Escalation of supply chain costs arising from factors such as wage inflation or increases in raw material prices. • Increased fuel and energy costs, impacting on distribution or store and head office operational costs. 	<ul style="list-style-type: none"> • Wage increases offset by improvements in productivity. • Geographical diversity of supply chain portfolio. • Review of order pricing to determine scope for changing price architecture. • Cost efficiency process in place, together with drive to control and contain energy usage throughout the Group.

Financial risk management

The Company's operations expose it to financial risks as set out below:

Credit risk

Credit risk arises from cash balances and financial derivatives held with banks and financial institutions, as well as credit exposures to wholesale and Franchise customers.

Investment of the Company's cash surpluses and transactions in financial derivatives are made through banks which must fulfil credit rating and investment criteria approved by the Board.

The Company's receivable balances are monitored on an ongoing basis and a provision is made for estimated irrecoverable amounts.

Finance and liquidity risk

The Company is party to the Group's centralised treasury function which is responsible for managing the liquidity, interest and currency risks associated with the Group's activities. In accordance with the Group's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Group's centralised treasury function is responsible for monitoring and maintaining sufficient cash and available funding. Due to the dynamic nature of the underlying business, the Group treasury function maintains certainty of funding by maintaining availability under committed credit lines.

The Company's principal financial instruments are cash and short-term deposits. In addition, the Company has various other financial assets and liabilities such as trade debtors and other receivables arising directly from its operations.

Currency risk

Foreign currency risk is the risk that the fair value of a financial commitment, recognised financial assets or financial liabilities will fluctuate due to changes in foreign currency rates.

New Look Retailers Limited

Strategic report (continued)

BUSINESS REVIEW (continued)

Principal risks and uncertainties (continued)

Currency risk (continued)

The Company's principal foreign currency exposures arise from the purchase of overseas sourced products. Company policy is to hedge a proportion of these exposures for up to 15 months ahead in order to limit the volatility in the ultimate Sterling cost. This hedging activity involves the use of spot, forward and option contracts as managed by the Group's centralised treasury function.

The Group decided to hold cash in a Euro denominated bank account as a natural hedge for the effect of the revaluation of the Group's Euro denominated bank borrowing up until the Euro debt was settled on 14 May 2013 as part of the Group refinancing transaction. As at 30 March 2013, the amount of Euros held as a natural hedge was €65.8 million against the total Euro denominated bank borrowings of €65.8 million.

Capital risk management

The Company's principal objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for stakeholders.

The Group has debt covenants imposed by its lenders which it must achieve in order to maintain its current level of borrowings. Covenant tests were carried out quarterly and at the end of each financial period. There have been no breaches of the covenants throughout the period (2013: none).

As a result of the refinancing on 14 May 2013, the quarterly debt covenant reporting requirements ceased. The Revolving Credit Facility Agreement requires the Group to comply with a leverage ratio, defined as the ratio of consolidated net indebtedness at such date to adjusted EBITDA for the period of the most recent 4 consecutive financial quarters. New covenant measures will be tested quarterly with the first date commencing on 28 June 2014.

The Group must ensure sufficient capital resources are available for working capital requirements and meeting principal and interest payment obligations as they fall due.

FINANCIAL REVIEW

The success of our improvement plan, which focussed on cost reduction, improved margins and revenue growth, resulted in an increase in adjusted EBITDA to £202,901,000 (2013: £197,902,000).

	Change	2014	2013
	%	52 weeks	53 weeks
Turnover (£m)	+2.0	1,273.8	1,248.5
UK Space (sq ft (k))	-0.5	4,004.6	4,024.6

Turnover

Another year of strong growth in multi-channel sales saw Turnover for the Company increase by 2.0% in the 52 weeks to 29 March 2014 as we provide greater choice of service options for our customers. This was despite the 53rd week of 2013 adding an additional £20.6m of Turnover and £3.8 million of adjusted EBITDA.

Revenue growth has also been driven by the continued benefits derived from the increasing number of stores refitted with the 'Concept' format.

New Look Retailers Limited

Strategic report (continued)

FINANCIAL REVIEW (continued)

Turnover (continued)

Our multi-channel business continues to grow, with New Look having a presence in over 120 countries, reaching destinations in Asia, Central and South America, Africa and the Middle East. E-commerce revenue advanced by 63.9% (own website 42.3%) as we continued to enhance the functionality of our website and develop new channels with 3rd Party E-commerce partners.

Our further surge in online sales reflects not only changing shopping behaviour, but also the compelling strength of our online proposition and continuing investment in our transactional website at newlook.com to improve its design, content and functionality.

Our variety of convenient, lifestyle-reflective service options (including 'Click and Collect' and 'Order In Store') and the faster turnaround made possible by the switch to in-house fulfilment further enhanced the attractiveness of our E-commerce propositions.

PROFIT (£m)	Change %	2014 52 weeks	2013 53 weeks
Adjusted EBITDA	+2.5	202.9	197.9
Depreciation		(56.6)	(60.5)
Amortisation		(20.0)	(20.0)
Onerous lease charge		(3.0)	(1.0)
Share based payments charge		(2.8)	(0.6)
Exceptional items		(3.6)	(10.9)
Profit on ordinary activities before interest and taxation	+11.4	116.9	104.9

Adjusted EBITDA

Despite the 2.5% increase in turnover, gross margin decreased by 0.9 percentage points to 53.5%. The underlying increase in the gross margin for stores, which represents the continued tight stock control and increase in the full price sales mix, was offset by an increased mix of New Look E-commerce, 3rd Party E-commerce and Franchise sales. Sales to 3rd Party E-commerce are made at a lower margin and New Look E-commerce sales include lower margin third party products. Higher packaging costs also contribute to a lower margin for both New Look E-commerce and 3rd Party E-commerce but are offset by lower administration expenses. However, a strong focus on cost reduction and control of all areas of spend impacted positively on EBITDA, increasing £5.0 million to £202.9 million (2013: £197.9 million).

Operating profit (before exceptional items and share based payments)

The charge for depreciation in the period decreased from £60,474,000 to £56,593,000 reflecting the changes we have made to our store portfolio. Operating profit (before exceptional items and share based payments) increased by 5.9% from £116,405,000 to £123,285,000.

New Look Retailers Limited

Strategic report (continued)

FINANCIAL REVIEW (continued)

Exceptional items

An operational exceptional charge of £3,629,000 (2013: £10,877,000) reflected an exceptional bonus incentive, costs of completing the debt refinancing, the impairment of a franchise receivable offset by the reversal of impairments of intangible fixed assets.

Current period trading

Looking ahead, we expect the economic outlook to improve, but we remain cautious as to how swiftly or substantially our customers will find these indicators of economic recovery translating into increased spending capacity.

Believing we offer compelling value-fashion product ranges to UK and international audiences through attractive store and E-commerce channels, we are confident in our strategy for future growth of the New Look brand.

Group reorganisation and refinancing transaction

During the financial period, the Group refinanced its debt through the issue of three tranches of senior secured bonds extending debt maturities to 2018.

On 3 May 2013, New Look Retail Group Limited and its subsidiaries underwent a Group reorganisation and issued senior secured bonds. These bonds were issued on 14 May 2013. The finance raised was used to repay the existing debt under the Senior and Mezzanine Facility Agreements and to acquire 50% of the outstanding PIK debt in cash, with the remaining PIK debt being acquired for a new PIK instrument at par value.

The refinance included a restructure of the Group whereby Trinitybrook Limited sold its investment in Hamperwood to New Look Finance Limited (a new intermediate holding company). New Look Finance Limited now holds the direct investment in Hamperwood Limited. New Look Finance Limited also has a direct investment in New Look Finance II Plc and New Look Bondco I Plc.

As part of the reorganisation, the Company released receivables and waived loans with other group undertakings totalling £950,408,507 akin to a distribution from distributable reserves.

New Look Bondco I Plc issued the senior secured bonds which are made up of three tranches of Sterling, US dollar and Euro. The Sterling and US dollar bonds are at fixed coupon rates and the Euro bond is at the prevailing floating rate of interest based upon short-term inter-bank rates (EURIBOR) plus a fixed margin.

New Look Finance Limited settled 50% of the existing PIK debt in cash and New Look Finance II Plc then issued a new PIK instrument in exchange for the remaining PIK debt.

Total transaction costs incurred by the Group as part of the refinance were £25.2 million. £3.1 million of these costs, of which the Company incurred £471,000, were incurred in the 53 weeks to 30 March 2013 and were expensed in full in that period. Those costs that were directly attributable to the issue of the bonds were capitalised against the value of the new borrowings and were amortised as an interest expense over 2 years. Those costs that relate to the extinguishment of the Senior, Mezzanine and PIK debts were expensed in full.

New Look Retailers Limited

Strategic report (continued)

FINANCIAL REVIEW (continued)

Group reorganisation and refinancing transaction (continued)

The table below provides details of the new debt tranches and the cash and PIK margins:

	Cash margin	PIK margin	Borrowings as at 30 March 2014	Capitalised interest 31 March 2014 to 14 May 2014	Translation of Euro borrowings	Repayments & bond issue	Amended borrowings as at 14 May 2014
	%	%	£m	£m	£m	£m	£m
Senior - Tranche B1	2.75		25.3	-	-	(25.3)	-
Senior - Tranche B2 (Euro)*	2.75		3.6	-	0.1	(3.7)	-
Senior - Tranche B3	2.75		4.8	-	-	(4.8)	-
Senior - Tranche B4	4.75		96.4	-	-	(96.4)	-
Senior - Tranche B5 (Euro)*	4.75		21.8	-	0.2	(22.0)	-
Senior - Tranche C1	3.25		43.0	-	-	(43.0)	-
Senior - Tranche C2 (Euro)*	3.25		8.6	-	-	(8.6)	-
Senior - Tranche C4	4.75		95.3	-	-	(95.3)	-
Senior - Tranche C5 (Euro)*	4.75		21.5	-	0.1	(21.6)	-
Second Lien - Tranche D1	5.00		6.1	-	-	(6.1)	-
Second Lien - Tranche D2	6.00		65.6	-	-	(65.6)	-
Mezzanine debt	4.50	6.50	76.1	0.6	-	(76.7)	-
PIK debt		9.00	741.5	4.9	-	(746.4)	-
New PIK debt		12.00	-	-	-	373.2	373.2
Senior bonds - Sterling	8.75		-	-	-	500.0	500.0
Senior bonds - USD**	8.38		-	-	-	164.1	164.1
Senior bonds - Euro*	6.25		-	-	-	148.7	148.7
			<u>1,209.6</u>	<u>5.5</u>	<u>0.4</u>	<u>(29.5)</u>	<u>1,186.0</u>

*The exchange rate for EUR/GBP as at 30 March 2013 was 1.1856 and 1.1771 as at the date of transaction.

**The exchange rate for USD/GBP as at the date of transaction was 1.5240

On the 3 May 2014 New Look Finance Limited also entered into a re-negotiated revolving credit facility for £75.0 million which has a final termination date of 3 February 2018. The revolving credit facility is subject to quarterly covenant leverage reporting on an annualised basis beginning on the quarter ending 28 June 2014.

The Strategic report presented above is authorised by the Board.

On behalf of the Board



Anders Kristiansen
Director

16 October 2014

New Look Retailers Limited

Directors' report

The Directors present their report and the audited financial statements of the Company for the 52 weeks ended 29 March 2014 (comparatives for the 53 weeks ended 30 March 2013).

Results and dividends

The Company's profit for the financial period was £114,734,241 (2013: £116,869,372). The Company's net assets at 29 March 2014 were £289,211,085 (30 March 2013: £1,196,463,286).

During the financial period, £950,408,507 of intercompany receivables were released (2013: £nil). Dividends of £74,334,206 were declared and paid in the year (2013: £nil).

Directors

The Directors who served during the financial period and up to the date of signing of the financial statements were as follows:

Anders Kristiansen

Tom Singh (Appointed 16 April 2013)

Michael Iddon (Appointed 22 September 2014)

Guy Lister (Resigned 10 June 2013)

Alastair Miller (Resigned 11 April 2014)

Alistair McGeorge (Resigned 31 May 2014)

The Company Secretary was Keith Gosling.

Charitable and political donations

The New Look Foundation was launched in November 2009 with the mission "to educate, inspire and empower people to feel good about themselves, to live life to the full and make smart choices for themselves and those close to them."

Our people give their time, money and energy to support national and local charities plus special appeals. The New Look Foundation is a focus for fundraising activities throughout the Group. Monies are raised through a variety of channels including Payroll Giving, Pay Day lottery, direct donations – and such fun initiatives (in our stores and support centres) as cake trolleys, prize quizzes, sample sales and raffles. Also a team from New Look participated in Prince's Trust Million-Makers initiative, and we held our first-ever charity Winter Wishes Ball. The total raised during the financial period increased to in excess of £700,000 (2013: £189,279). During the financial period we pledged £350,000 to the Retail Trust as well as £138,000 to the Prince's Trust from the total fundraising.

No political donations were made during the financial period (2013: £nil).

Supplier payment policy

It is the policy of the Company to either agree terms of payment at the start of business or to ensure that the supplier is made aware of the Company's payment terms. Creditor days at 29 March 2014 were 54 days (2013: 59 days). Payment is made in accordance with contractual or other legal obligations.

Employees

Our commitment to our people is in supporting them to deliver their part in our growth and enable them to build their skills and career with us.

New Look Retailers Limited

Directors' report (continued)

Employees (continued)

We systematically provide colleagues with information on matters of concern to them so that their views can be taken into account when making decisions that are likely to affect their interests. Staff involvement in the Company is encouraged to achieve a common awareness of the financial and economic factors that affect the Company's performance.

New Look is an attractive employer with competitive remuneration packages. We recruit natural 'New Lookers' – people who are customer champions, have a passion for fashion, who are curious, go-getting and self-starting.

We make sure that no job applicant or colleague is discriminated against, either directly or indirectly, on the grounds of disability, gender, nationality, ethnic or racial origins, marital status, religious belief, political opinion, age or sexual orientation. It is the policy of the Company to give equal opportunity of employment to disabled and able persons according to their suitability to perform the work required. The services of existing colleagues who become disabled are retained whenever practicable.

Ethical trading

Achieving a continual improvement in workers' lives and livelihoods remains our primary objective. We also want to help improve factory management skills, systems and safety standards, while empowering factory workers to raise and resolve issues. And we're doing all we can to build trust, transparency and shared responsibility throughout our supply chain.

We've also worked hard to respond effectively to particular events in our key sourcing countries. Following the tragic building collapse at Rana Plaza and the series of factory fires in Bangladesh, much of our focus there has been on improving fire and building safety.

New Look supported the Accord in Fire and Building Safety in Bangladesh, and we've delivered fire safety training at factories manufacturing for us.

In China, we've provided Health and Safety training at 135 sites, and the entire workforces at 77 of factories manufacturing for us are now covered by an accident and injury insurance initiative. We've worked with 13 factories to change thinking about wages and hours as well as build better systems to track and analyse them, and we've trialled peer-to-peer learning to encourage ongoing improvements at a further four sites. In India, we've continued partnering with Geosansar to provide bank accounts for a further 387 workers at 3 factories and in Bangladesh we have initiated partnership with BRAC bank to provide bank accounts for 300 workers. This means that workers are able to start saving, and can send money to their families in rural areas without risk.

We have supported the establishment of worker committees at 66 factories in India and Bangladesh, helping workforces secure enhanced leave benefits, more religious holidays, and changed pay dates to help with budgeting. In Turkey, we've delivered training on freedom of association and worker management communication at 8 factories.

At factories where management capacity is poor, workers are more likely to work long hours, and health and safety issues may go unchecked. So, during the financial period, we provided management training at 44 sites across Bangladesh, Cambodia, China and India. On completing the UK Aid funded project Benefits for Business and Workers in India and Bangladesh, we followed up with participating factories to support ongoing progress. This has already achieved significant improvements in worker turnover and wage rates. We have now piloted this project in our UK supply chain as well.

New Look Retailers Limited

Directors' report (continued)

Ethical trading (continued)

We can't expect suppliers to meet our ethical aims without the full support of New Look's buyers, merchandisers and designers. So, we've launched an Ethical Champions programme to spread awareness among our staff, and provided information and training on the principles and benefits of ethical trade on a monthly basis for our buying teams. We're also providing training for all new recruits, and circulating quarterly newsletters with ethical trade tips and updates.

Environment

We're fully committed to minimising the environmental impact of our activities. During the financial period, we signed up to the Sustainable Clothing Action Plan (SCAP) 2020 Commitment, pledging to measure and reduce our environmental footprint.

To inspire environmental awareness among our Bangladeshi manufacturers, we held an energy efficiency workshop in Dhaka during November 2013 with representatives from 52 factories covering topics such as the business case for energy efficiency. Also in Bangladesh, we're part-funding suppliers to participate in the International Finance Corporation's (IFC) PaCT programme which focuses on efficient water management practices. During FY14 we launched the Textile Industry Sustainability Platform (TISP) to our Chinese suppliers. It provides an online guide to improving environmental practices, and several factories have already implemented energy efficiency programs.

We continue to recognise our corporate responsibility to manage the risks posed to society, our customers, and our long term business sustainability from human induced climate change. During FY14, for those stores which have not been re-lamped as part of our concept stores programme or re-lamped as part of our drive to upgrade the product display at other stores, we've worked hard in order to make year-on-year electricity consumption reductions at our stores.

As a participant in the UK's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme we calculate and report annually our carbon emissions under the scheme's rules. Our carbon emissions in the year to 31 March 2013, the last year for which final data is available, were 69,121 tonnes (2012: 65,887 tonnes).

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report and 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 period. Under that law the Directors have prepared the financial statements in accordance with UK Generally Accepted Accounting Practice (UK 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.

New Look Retailers Limited

Directors' report (continued)

Statement of Directors' responsibilities (continued)

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, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Disclosure of information to auditors

In respect of each Director who was a Director at the time when the report was approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are not aware; and
- each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office as auditors.

On behalf of the Board



Anders Kristiansen
Director

16 October 2014

New Look Retailers Limited

Independent auditors' report to the members of New Look Retailers Limited

Report on the financial statements

Our opinion

In our opinion the financial statements defined below:

- give a true and fair view of the state of the Company's affairs as at 29 March 2014 and of its profit for the 52 week period 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by New Look Retailers Limited, comprise:

- the balance sheet as at 29 March 2014;
- the profit and loss account for the 52 week period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic and Directors' reports and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

New Look Retailers Limited

Independent auditors' report to the members of New Look Retailers Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

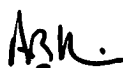
Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 17 and 18 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Alan Kinnear (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
Dated: 16 October 2014

New Look Retailers Limited

Profit and loss account

For the 52 weeks ended 29 March 2014

	Notes	52 weeks ended 29 March 2014 £'000	53 weeks ended 30 March 2013 £'000
Turnover	3	1,273,813	1,248,464
Cost of sales		(591,771)	(568,852)
Gross profit		682,042	679,612
Distribution expenses		(60,649)	(59,764)
Administrative expenses		(502,602)	(505,830)
Exceptional administrative expenses	4	(3,629)	(10,877)
Other operating income		1,740	1,812
Profit on ordinary activities before interest and taxation		116,902	104,953
Net interest receivable	5	54	16,956
Profit on ordinary activities before taxation	6	116,956	121,909
Tax on profit on ordinary activities	9	(2,221)	(5,040)
Profit for the financial period	21	114,735	116,869

All amounts relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial period stated above, and their historical cost equivalents.

The Company has no recognised gains and losses other than as shown above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 23 to 42 form part of these financial statements.

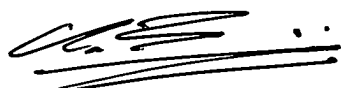
New Look Retailers Limited

Balance sheet As at 29 March 2014

	Notes	29 March 2014 £'000	30 March 2013 £'000
Fixed assets			
Intangible assets	10	33,221	53,221
Tangible assets	11	158,083	169,417
Investments	12	52,015	46,225
		243,319	268,863
Current assets			
Stock	13	109,583	112,425
Debtors	14	224,693	1,094,489
Cash at bank and in hand		81,087	89,522
		415,363	1,296,436
Creditors - amounts falling due within one year	15	(347,009)	(341,475)
Net current assets		68,354	954,961
Total assets less current liabilities		311,673	1,223,824
Creditors - amounts falling due after more than one year	15	(11,240)	(16,260)
Provisions for liabilities	16	(11,221)	(11,101)
Net assets		289,212	1,196,463
Capital and reserves			
Called up share capital	20	1	1
Profit and loss account	21	289,211	1,196,462
Total shareholders' funds	22	289,212	1,196,463

The notes on pages 23 to 42 form part of these financial statements.

The financial statements on pages 21 to 42 were approved by the Board of Directors on 16 October 2014 and were signed on its behalf by:



Anders Kristiansen
Director

New Look Retailers Limited
Company number: 1618428

New Look Retailers Limited

Notes to the financial statements

1 Authorisation of financial statements

The financial statements of the Company for the 52 week period ended 29 March 2014 were authorised for issue by the Board of Directors on 16 October 2014 and the Balance sheet was signed on the Board's behalf by Anders Kristiansen. New Look Retailers Limited is a private limited company incorporated and domiciled in England and Wales whose registered office is New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ.

2 Accounting policies

The financial statements for the 52 week period ended 29 March 2014 have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The principal accounting policies which have been applied consistently are set out below.

Basis of preparation

The Company is a wholly owned subsidiary of New Look Limited and is included in the consolidated financial statements of New Look Retail Group Limited, which are publicly available. The Company is therefore exempt from the requirement to prepare group consolidated financial statements by virtue of s400 of the Companies Act 2006. The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) 'Cash flow statements'. The Company has also taken advantage of the exemption, under the terms of FRS 8 'Related party disclosures', from disclosing related party transactions with entities that are part of the New Look Retail Group Limited group.

Turnover

Turnover, which originates in the UK and is recognised at the point of sale, comprises retail clothing and accessories sales less provision for returns and is shown exclusive of discounts and value added tax.

Sales of goods and concession income are recognised when goods are delivered and title passed. Income from rendering of services, including store card contracts, is recognised when the services have been performed. Income from gift cards is deferred and recognised on redemption. Internet sales are recognised when the goods are despatched to the customer.

Revenue from concessions is shown on a net basis, being the commission received rather than the gross value achieved by the concessionaire on the sale.

Franchise income is received in connection with the franchise of the Company's brand name in markets outside the UK. The Company charges franchise fees to grant exclusivity to the franchise partners, in addition to generating turnover in respect of the supply of goods. Turnover is recognised when earned and in line with the terms of the franchise agreement. Franchise fees are recognised over the period of the franchise agreement. Franchise fees are recognised in accordance with the related underlying trading performance of the franchisee.

Other operating income

Rental income represents rents receivable from the sub-letting of leasehold properties and is recognised on a straight-line basis over the period of the sub-lease.

Interest

Interest income and expense is accounted for on the accruals basis, by reference to the principal outstanding and the applicable effective interest rate.

New Look Retailers Limited

Notes to the financial statements (continued)

2 Accounting policies (continued)

Share based payments

Share based payments are accounted for in accordance with FRS 20 'Share based payments' and follow the principles which are set up under International Financial Reporting Standard 2 (IFRS 2). The Company has applied the amendment to share based payments on 'Group cash-settled share based payment transactions' which is effective for accounting periods beginning on or after 1 January 2010.

The amendment provides a clear basis to determine the classification of share based payment awards in both consolidated and separate financial statements. Previously the Company accounted for transactions which arise from 'Good Leavers' as cash-settled. An estimate was made at each balance sheet date for the likely fair value of future payments to 'Good Leavers'.

The amendment requires the transactions with 'Good Leavers' to be accounted for as equity-settled.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model.

The charge is credited to the profit and loss reserve as a capital contribution as the share based payments are settled by New Look Retail Group Limited.

At each balance sheet date, the Company revises its estimates of the number of options or shares that are expected to vest. The impact of the revision, if any, is recognised in the Profit and loss account with a corresponding adjustment to reserves.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred tax is provided in full on an undiscounted basis, on all timing differences which 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. Deferred tax is measured on an undiscounted basis. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Intangible fixed assets

Intangible fixed assets, which consists of the New Look brand licence, is amortised over its useful economic life, which the Directors have estimated at 10 years.

New Look Retailers Limited

Notes to the financial statements (continued)

2 Accounting policies (continued)

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the tangible fixed asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets, to write off the cost less estimated residual value of each fixed asset equally over its useful life, as follows:

Short leasehold land and buildings	Period to end of lease
Fixtures and fittings	Three to 15 years according to the estimated life of the assets
Plant, machinery and vehicles	Three to 15 years according to the estimated life of the assets

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Impairment

Tangible and intangible fixed assets and investments are stated at cost less depreciation and any provision for impairment. The need for any fixed asset or investment impairment provision is assessed by comparison of the carrying value of the asset against the higher of its net realisable value or its value in use. A review of intangible fixed assets and investments is performed at the end of the first full year following acquisition and in other years if there is an indication of impairment. A review of tangible fixed assets is performed if there is an indication of impairment.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment.

Stock

Stock is stated at the lower of cost and net realisable value on a weighted average basis and comprises goods for resale. Costs include the direct costs and an attributable portion of distribution overheads incurred in bringing stocks to their current location and condition.

Net realisable value is based on estimated selling price, less further costs to be incurred to disposal.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis. Incentives to sign leases, including reverse premiums and rent free periods, are treated as deferred income and are credited to the profit and loss account on a straight-line basis over the period to the next rent review.

Rental income from sub-tenants is credited to the profit and loss account, included within net operating expenses as other operating income, on a straight-line basis in the period in which it falls due under the terms of the lease. All contracts are negotiated at commercial terms. The Company provides against future liabilities for all onerous property leases including those sub-let at a shortfall, as well as for property dilapidations where appropriate.

New Look Retailers Limited

Notes to the financial statements (continued)

2 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Sterling at the rates of exchange ruling at the balance sheet date, with exchange differences taken to the profit and loss account. The Company uses forward contracts and their treatment is set out below.

Financial instruments

Financial instruments are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced products. Gains or losses realised on hedges are recognised in the profit and loss account in the same period as the hedged item. When the hedge instrument expires or is sold any gains or losses on the hedge will be recognised in the profit and loss account immediately.

At the end of the financial period, the notional amount of outstanding foreign currency contracts was £357.0 million (2013: £61.5 million).

Financial assets and liabilities

Financial assets and liabilities are presented in accordance with paragraphs 15-50 of FRS 25 'Financial instruments' as the Company has not adopted FRS 26 'Financial instruments'.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions for restructuring costs are recognised when the Company has a detailed formal plan for the restructuring that has been communicated to affected parties.

Pensions

Pension costs charged to the profit and loss account represent the amount of contributions payable to defined contribution pension schemes or personal pension plans, in respect of senior employees, for the accounting period. All assets of the schemes are held separately from those of the Company.

Called up share capital

Ordinary share capital is classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

New Look Retailers Limited

Notes to the financial statements (continued)

3 Geographical analysis

There is only one class of business: retailing. All turnover, profit before tax and net assets originate from the UK. An analysis of the Company's turnover and profit before tax by customer location is as follows:

	2014		
	United Kingdom £'000	Rest of World £'000	Total £'000
Turnover	1,148,868	124,945	1,273,813
Profit before taxation	100,216	16,740	116,956

	2013		
	United Kingdom £'000	Rest of World £'000	Total £'000
Turnover	1,106,657	141,807	1,248,464
Profit before taxation	101,569	20,340	121,909

4 Exceptional administrative expenses/(income)

	2014 £'000	2013 £'000
Restructuring operating base	9	3,365
Exceptional bonus incentive	2,276	-
Review of business financing	806	37
Impairment (reversal)/loss of released amounts owed by group undertakings	(1,987)	607
Impairment of tangible assets (note 11)	1,183	2,591
Franchise receivable impairment	1,448	4,227
Impairment on (reversal)/loss of investment in joint venture (note 12)	(106)	50
	3,629	10,877

New Look Retailers Limited

Notes to the financial statements (continued)

4 Exceptional administrative expenses (continued)

Restructuring operating base

During the financial period ended 30 March 2013, the Company incurred £3,365,000 in reviewing and restructuring its operating cost base to align the Group's strategies, structures and costs to the challenging macro-economic environment. This included £2,577,000 which was incurred in preparation for the termination and relocation of the Company's E-commerce logistics operations which were previously outsourced before being brought in house to the main distribution site at Lymedale. An additional £9,000 was incurred during the financial period.

Exceptional bonus incentive

In a previous period, the Board of Directors approved a one-off incentive scheme related to the turnaround of the Group's business performance for a small number of Executive Directors. Under this scheme, two bonus payments become payable in the event that the Group's EBITDA reaches a certain threshold, as agreed by the Board. The Company incurred a charge of £2,276,000 with respect to the first bonus payment under this scheme in the financial period. Depending on the Group's future EBITDA performance, the Group may incur additional charges in a future period.

Review of business financing

During the financial period ended 29 March 2014, the Group undertook a debt refinancing. Employee costs incurred by the Company and attributable to this project were £806,000.

During the financial period ended 30 March 2013, the Group undertook a number of investigative and preparatory steps in connection with a potential debt refinancing. Total costs incurred were £508,000, of which £471,000 were directly attributable costs and were recognised as interest payable and similar charges, see note 5.

Impairment of amounts owed by group undertakings

An impairment reversal of £1,987,000 (2013: impairment loss of £607,000) was recognised for amounts owed by the ESOPs which are now deemed recoverable.

Impairment of tangible assets

An impairment charge has been recognised to write down tangible assets in stores to their recoverable amount as a result of a decline in trading conditions for certain stores. The recoverable amount was calculated based on the value in use of the individual stores. The calculation of value in use was most sensitive to the following assumptions:

- Forecast operating cash flows for the remaining period of the lease which were based on approved budgets and plans; and
- The rate of growth used to extrapolate cash flows of 2.0% (2013: 2.0%) and the pre-tax discount rate of 10.1% (2013: 11.1%).

Franchise receivable impairment

During the financial period ended 30 March 2013, the outstanding receivable balance with the Russian franchise partner of £4,227,000 was fully impaired as it was no longer expected to be recoverable due to the on-going financial difficulties experienced by the partner. An additional receivable balance of £1,448,000 arising in the financial period ended 29 March 2014 was fully impaired due to the continuation of the partner's financial difficulties.

Impairment of investment in joint venture

During the prior financial period, management reviewed its ability to recover the investment in its 50% interest in NLT Tekstil Sanayi Ve Ticaret Limited Şirketi. The recoverable amount of the joint venture was calculated based on the present value of the discounted future cash flows and a resulting impairment loss recorded in the income statement of £50,000. In the current financial period, a reversal of losses now deemed recoverable of £106,000 was recorded.

The current tax effect of these exceptional items is £587,000 (2013: £1,977,000).

New Look Retailers Limited

Notes to the financial statements (continued)

5 Net interest receivable

	2014 £'000	2013 £'000
Interest payable and similar charges:		
On bank loans and overdrafts	-	(38)
Payable to group undertakings	(2,982)	-
Interest payable and similar charges before exceptional expenses	(2,982)	(38)
Refinancing costs	-	(471)
Total interest payable and similar charges	(2,982)	(509)
Interest receivable and similar income:		
Other interest receivable and similar income	346	581
Receivable from group undertakings	2,273	16,389
Net exchange rate gain on revaluation of Euro cash	417	495
	3,036	17,465
Net interest receivable	54	16,956

Interest payable to group undertakings relates to the reversal in full of interest charged on the outstanding loan from the Company to the ESOPs recognised in prior periods.

Refinancing cost

In July 2012, the Group renegotiated the maturity profile of the Senior and Mezzanine loans to extend repayments out to April 2015. In February 2013, the Group began a number of investigative and preparatory steps in connection with a potential debt refinancing. £471,000 of directly attributable costs were incurred in relation to these steps.

6 Profit on ordinary activities before taxation

	2014 £'000	2013 £'000
Profit on ordinary activities is stated after crediting:		
Amortisation of lease incentives	11,238	15,033
and after charging:		
Depreciation charge on tangible fixed assets		
- owned	56,593	60,474
Impairment loss on tangible fixed assets	1,183	2,591
Loss on disposal of tangible fixed assets	674	158
Operating lease charges		
- hire of plant and machinery	1,332	1,881
- land and buildings	135,999	134,420
Amortisation of intangible fixed assets	20,000	20,000
Auditor remuneration – audit services for the Company	304	240

Non-audit fees paid to the Company's auditors in the UK are not shown above but details can be found in the consolidated financial statements of New Look Retail Group Limited. Included within auditor remuneration are audit fees borne on behalf of other UK legal entities within the Group.

New Look Retailers Limited

Notes to the financial statements (continued)

7 Directors' remuneration

	2014 £'000	2013 £'000
Aggregate emoluments	4,619	1,642
Compensation for loss of office	206	-
Payments to defined contribution pension schemes	21	35
	4,846	1,677

Emoluments payable to the highest paid Director are as follows:

	2014 £'000	2013 £'000
Aggregate emoluments	1,609	720
Payments to defined contribution pension schemes	-	-
	1,609	720

Retirement benefits are accruing to one Director (2013: one) under defined contribution pension schemes at the end of the period.

One of the Directors exercised share options in the period (2013: none) and no (2013: two) Directors were granted shares in the period.

8 Staff costs

	2014 £'000	2013 £'000
Wages and salaries	151,294	152,602
Social security costs	9,937	8,896
Other pension costs (note 23)	1,641	1,187
Share based payment charge (note 19)	2,755	575
	165,627	163,260

The average monthly number of persons (including Executive Directors) employed by the Company during the period was:

	2014 Number	2013 Number
By activity		
Administration and distribution	2,326	2,206
Retailing	14,217	15,342
	16,543	17,548

If the number of part-time hours worked is converted on the basis of a full working week, the equivalent number of full-time employees would be 8,071 (2013: 8,875).

In addition to the above, costs relating to temporary and contract staff total £5,385,301 (2013: £3,607,542).

New Look Retailers Limited

Notes to the financial statements (continued)

9 Tax on profit on ordinary activities

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax on profit for the financial period	-	10,998
Adjustments in respect of prior periods	3,454	(2,754)
Total current tax	3,454	8,244
Deferred tax:		
Origination and reversal of timing differences	(2,080)	(2,658)
Adjustment in respect of previous periods	-	(815)
Impact of change in tax rate	847	269
Total deferred tax (note 17)	(1,233)	(3,204)
Tax on profit on ordinary activities	2,221	5,040

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 23% (2013: 24%). The actual tax charge for the current and previous period is different from the standard rate for the reasons set out in the following reconciliation:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	116,956	121,909
Profit on ordinary activities multiplied by the standard rate in the UK of 23% (2013: 24%)	26,900	29,258
Effects of:		
Capital allowances less than depreciation	5,218	3,038
Group relief obtained for nil consideration	(38,031)	(28,677)
Other timing differences	28	(380)
Adjustments in respect of prior periods	3,454	(2,754)
Expenses not deductible for tax purposes	5,885	7,759
Current tax charge for the period	3,454	8,244

The Finance Act 2013 was substantively enacted on 2 July 2013 and reduced the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015. Closing deferred tax balances have therefore been valued at 20% (2013: 23%).

New Look Retailers Limited

Notes to the financial statements (continued)

10 Intangible fixed assets

	Brand licence £'000
Cost	
At 29 March 2014 and 30 March 2013	200,021
Accumulated amortisation	
At 30 March 2013	146,800
Charge for the period	20,000
At 29 March 2014	166,800
Net book value	
At 29 March 2014	33,221
At 30 March 2013	53,221

11 Tangible fixed assets

	Short leasehold land and buildings £'000	Fixtures and fittings £'000	Plant, machinery and vehicles £'000	Total £'000
Cost				
At 30 March 2013	30,153	151,206	310,526	491,885
Additions	395	14,211	32,510	47,116
Disposals	(830)	(2,431)	(12,852)	(16,113)
At 29 March 2014	29,718	162,986	330,184	522,888
Accumulated depreciation and impairment				
At 30 March 2013	13,699	115,082	193,687	322,468
Charge for the period	1,963	14,099	40,531	56,593
Impairment loss	-	359	824	1,183
Disposals	(37)	(2,108)	(13,294)	(15,439)
At 29 March 2014	15,625	127,432	221,748	364,805
Net book value				
At 29 March 2014	14,093	35,554	108,436	158,083
At 30 March 2013	16,454	36,124	116,839	169,417

New Look Retailers Limited

Notes to the financial statements (continued)

12 Fixed asset investments

	Investment in joint venture £'000	Shares in subsidiaries £'000	Investment in other group companies £'000	Total £'000
Cost				
At 30 March 2013	1,250	45,710	3,756	50,716
Acquired during the period	-	5,600	84	5,684
At 29 March 2014	1,250	51,310	3,840	56,400
Provision for impairment				
At 30 March 2013	700	3,791	-	4,491
Impairment loss reversal	(106)	-	-	(106)
At 29 March 2014	594	3,791	-	4,385
Net book value				
At 29 March 2014	656	47,519	3,840	52,015
At 30 March 2013	550	41,919	3,756	46,225

Investments in other group companies comprise preference share capital of 2,291,671 £0.01 non-redeemable preference shares of New Look Overseas Limited, incorporated and operating in the UK. The Directors consider the fair value of the shares to be £3,840,514, comprising an initial fair value of £2,466,000 and a cumulative preference share interest of £1,374,514. The cost to the Company was £nil. The principal business of New Look Overseas Limited is to act as an intermediate holding company.

Investment in joint venture comprises a 50% interest in NLT Tekstil Sanayi Ve Ticaret Limited Sirketi, a jointly controlled entity incorporated in Turkey. During the financial period ended 24 March 2012, management reviewed its ability to recover the investment. The recoverable amount of the joint venture was calculated based on the present value of the discounted future cash flows and a resulting impairment loss recorded in the income statement of £0.7 million. During the financial period ended 29 March 2014, £0.1 million of previously impaired investment was written back.

At 29 March 2014, the Company directly owned 100% of the ordinary share capital and voting rights of the following principal subsidiary undertakings:

Subsidiary	Country of incorporation and operation	Principal activity
New Look Retailers (CI) Limited	Guernsey	Fashion retail
New Look Retailers (Ireland) Limited	Republic of Ireland	Fashion retail
New Look Commerce (Shanghai) Co. Ltd	People's Republic of China	Fashion retail

The Directors believe that the carrying value of the investments is supported by their underlying net assets or the projected earnings of the subsidiary undertakings.

New Look Retailers Limited

Notes to the financial statements (continued)

13 Stock

	2014 £'000	2013 £'000
Raw materials and consumables	965	1,095
Work in progress	857	519
Finished goods	107,761	110,811
	109,583	112,425

14 Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year		
Trade debtors	15,998	13,767
Deferred tax asset (note 17)	5,645	4,412
Amounts owed by group undertakings	161,573	1,031,063
Other debtors	1,605	2,792
Prepayments and accrued income	33,977	35,626
	218,798	1,087,660
Amounts falling due after more than one year		
Prepayments and accrued income	5,895	6,829

During the year, as part of the Group reorganisation and refinancing, the Company provided loans of £5,107,844 and €65,796,615 to Hamperwood Limited which were subsequently released. It also released other receivable balances from Hamperwood Limited of £526,880,324 and from Trinitybrook Limited of £362,656,858 and balances with other group entities of £374,000.

In the prior financial period, included within amounts owed by group undertakings are loans receivable from group undertakings of £346,755,00 and £149,300,000 on which interest was charged at a rate of 1 month Sterling LIBOR +2.5% and +2.25% respectively. These loans were settled as part of the Group refinancing transaction. All other amounts owed by group undertakings are unsecured, repayable on demand and interest free.

New Look Retailers Limited

Notes to the financial statements (continued)

15 Creditors

	2014 £'000	2013 £'000
Amounts falling due within one year		
Trade creditors	87,837	93,039
Amounts owed to group undertakings	150,625	146,346
Corporation tax	9,113	10,020
Other taxation and social security	6,313	3,643
Other creditors	151	1,447
Accruals and deferred income	92,970	86,980
	347,009	341,475

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

	2014 £'000	2013 £'000
Amounts falling due after more than one year		
Accruals and deferred income	11,240	16,260

16 Provisions for net liabilities

	Dilapidation provisions £'000	Onerous lease provisions £'000	Total £'000
At 30 March 2013	513	10,588	11,101
Utilised in the period	(135)	(2,768)	(2,903)
Reversal of unused amounts	-	(3,508)	(3,508)
Arising in the period	-	6,531	6,531
At 29 March 2014	378	10,843	11,221

Onerous lease provisions

The provision relates to future lease costs of vacant properties for the remaining period of the lease, net of expected sub-letting income, which is estimated to be used over one to 24 months, and a provision for onerous lease contracts on loss making stores. A provision is booked on loss making stores where the discounted future cash flows are not expected to cover future rental payments under the lease contract. A provision is made for the lower of discounted store cash outflows (including rental payments) and discounted rental payments. Future operating losses are not provided for.

Dilapidations provisions

The dilapidations provision of £378,082 (2013: £512,678) is expected to be utilised over one to 12 months.

New Look Retailers Limited

Notes to the financial statements (continued)

17 Deferred tax asset

	2014 £'000	2013 £'000
Tax effect of timing differences:		
Accelerated capital allowances	3,799	1,866
Short term timing differences	1,846	2,546
Total deferred tax	5,645	4,412
At start of financial period	4,412	1,208
Deferred tax credit in the profit and loss account (note 9)	1,233	3,204
At end of financial period	5,645	4,412

18 Financial commitments

At 30 March 2014, the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Other		Land and Buildings	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Within one year	79	416	3,410	3,314
Between one and five years	450	680	27,688	25,627
After five years	-	-	97,799	98,310
	529	1,096	128,897	127,251

19 Share based payments

Senior management scheme

In April 2004, the senior management of the Company were invited to invest in the shares of the three Guernsey companies which comprised the holding companies of Trinitybrook Limited (the then ultimate UK holding company of the Group), being NL Company No. 1 Limited, NL Company No. 2 Limited and NL Company No. 3 Limited. These shares were purchased at fair value. As part of the Group reorganisation and share for share exchange in June 2006, the shares held by employees in the three Guernsey companies, NL Company No. 1 Limited, NL Company No. 2 Limited and NL Company No. 3 Limited and the ESOP1 holding in Trinitybrook Limited were exchanged for shares in New Look Retail Group Limited.

New Look Retailers Limited

Notes to the financial statements (continued)

19 Share based payments (continued)

All of the shares held were originally issued at fair value determined by reference to the market value of a basket of comparator companies. Under the reorganisation a cash payment of £48.0 million was paid by Pedalgreen Limited (an immediate subsidiary company of New Look Retail Group Limited) to investors within the scope of FRS 20 'Share based payments', in consideration for the sale of a proportion of the shares in Guernsey 4 Limited (the holding company of the Group prior to the reorganisation in 2006) and the remaining shares were exchanged for shares in Pedalgreen Limited. Guernsey 4 Limited acquired its holding in the Group on 1 June 2006 by acquiring all the shares in NL Company No. 1 Limited, NL Company No. 2 Limited and NL Company No. 3 Limited. There was then a share for share exchange as part of which shares in Pedalgreen Limited were exchanged for shares in New Look Retail Group Limited. Accordingly the reorganisation was accounted for as a modification of an equity settled arrangement under FRS 20. The £48.0 million was charged directly to the retained earnings reserve.

	2014 Number of shares '000s	2013 Number of shares '000s
Shares in issue at the beginning of the period	31,500	37,500
Shares purchased by ESOP from senior management in the period	(12,895)	(6,000)
Shares in issue at the end of the period	18,605	31,500

The 2004 Share Scheme and the 2008 Share Plan

In May 2004 under a new arrangement, Trinitybrook Limited loaned funds to ESOP1. ESOP1 then subscribed to Trinitybrook Limited to acquire a fixed allocation of shares. Between May 2004 and February 2006, certain employees were invited to acquire beneficial ownership of these shares at fair value determined by reference to the market value of the basket of comparator companies. As a result of the Group reorganisation in 2006, employees now hold the beneficial interest in shares in New Look Retail Group Limited.

In April 2009, August 2009, August 2011, September 2012, February 2013, September 2013 and December 2013 certain employees were invited to acquire the beneficial interest in shares owned by ESOP1 at fair value determined by reference to the market value of a basket of comparator companies (the 2008 Share Plan). These shares vest over a 4 year period. Under the first tranche, 20.0% vested on 30 April 2009, then 20.0% on 18 September 2009 and 20.0% on each anniversary of 18 September until the third anniversary. Under the second tranche, 20.0% vested on 21 August 2009 and 20.0% on each anniversary from the grant date until the fourth anniversary. Under the third tranche, 20.0% vested on 25 August 2011, 20.0% on 1 May 2012 and 20.0% on each anniversary of 1 May until the third anniversary. Under the fourth tranche, 20.0% vested on 18 September 2012 and 20.0% on each anniversary from the grant date until the fourth anniversary. Under the fifth tranche, 20.0% vested on 18 February 2013 and 20.0% on each anniversary from the grant date until the fourth anniversary. Under the sixth tranche, 20% vested on 1 September 2013 and 20% on each anniversary from the grant date until the fourth anniversary. Under the seventh tranche, 20.0% vested on 20 December 2013 and 20.0% on each anniversary from the grant date until the fourth anniversary.

Vesting affects the price at which the employee may be required to sell any shares which have not vested upon ceasing to be employed within the Group. The employee is generally not free to sell the shares until either a change in control of the Group or (subject to the vesting conditions) a listing.

New Look Retailers Limited

Notes to the financial statements (continued)

19 Share based payments (continued)

Under the 2008 Share Plan, shares have vested at various times throughout the year. The weighted average share price at vesting during the period was 8.0p (2013: 1.0p).

Until June 2007, the 2004 Share Scheme operated as an equity settled arrangement under which employees could be required to sell their shares in the event of a sale or listing of the Group. In June 2007, an amendment was introduced such that, in the event of a sale, the employees would be required to sell their shares but, in the event of a listing of the Group, they would remain entitled to their shares. The 2008 Share Plan contains similar features. The 2008 Share Plan also protects the employee from a fall in the value of New Look Retail Group Limited's shares. The 2008 Share Plan is therefore accounted for, in substance, as a share option arrangement.

Details of the 2008 Share Plan share options outstanding during the period are as follows:

	2014 Number of share options '000s	2013 Number of share options '000s
Outstanding at the beginning of the period	89,946	30,570
Granted in the period	8,900	63,571
Forfeited in the period	(36,434)	(4,195)
Outstanding at the end of the period	62,412	89,946
Exercisable at the end of the period (number)	-	-
Weighted average remaining contractual life (months)	26	36
Weighted average share price at the date of exercise (pence)	-	-
Weighted average exercise price (pence)	4.0	4.0
Market value at period end (pence)	12.0	1.0
Highest market value (pence)	12.0	1.0
Lowest market value (pence)	1.0	1.0

No shares were exercised or lapsed in the current or prior financial period.

2006 Option Plan

In June 2006 and other times subsequently, key personnel in the Company were offered the opportunity to participate in the 2006 Option Plan. Share options are awarded to employees at the discretion of the Board. Options will normally vest after two years if an employee remains in service. Options will only vest before the two years' of continuous service when there has been a flotation or change of control in New Look Retail Group Limited (or its holding company), or when the employee leaves the Company as a result of redundancy, injury/illness/disability or death.

Options may normally only be exercised during a period of eight years commencing on the second anniversary of the date of grant of the option, as long as the employee remains in service. At 29 March 2014, 1,430,000 (2013: 1,767,105) options were outstanding, with the earliest exercise date being 30 June 2008, assuming that the full vesting period is satisfied.

New Look Retailers Limited

Notes to the financial statements (continued)

19 Share based payments (continued)

Details of the 2006 Option Plan share options outstanding during the period are as follows:

	2014 Number of share options '000s	2013 Number of share options '000s
Outstanding at the beginning of the period	1,767	2,422
Granted in the period	-	-
Exercised in the period	-	-
Lapsed in the period	-	-
Forfeited in the period	(337)	(655)
Outstanding at the end of the period	1,430	1,767
Exercisable at the end of the period (number)	1,430	1,767
Weighted average remaining contractual life (months)	30	44
Weighted average share price at the date of exercise (pence)	0.0	1.0
Weighted average exercise price (pence)	13.0	14.0
Market value at period end (pence)	12.0	1.0
Highest market value (pence)	12.0	1.0
Lowest market value (pence)	1.0	1.0

Fair value of equity settled share based payment schemes

The cost of the equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and the expense is spread to the estimated date of a change of control of the Group.

As the employees acquired the beneficial interest in their shares at fair value under the Senior Management Scheme and the 2004 Share Scheme, there is no charge to the profit and loss account for these equity settled transactions.

The weighted average fair value of the share options granted under the 2006 Option Plan and the 2008 Share Plan was calculated at the date of grant using the Black-Scholes option pricing model. The following table lists the inputs to the model used for the two plans for the periods ended 29 March 2014 and 30 March 2013:

	2014 2006 Option Plan	2014 2008 Share Plan	2013 2006 Option Plan	2013 2008 Share Plan
Weighted average fair value (pence)	-	1.93	16.22	1.74
Weighted average share price (pence)	-	4.42	38.00	3.78
Exercise price (pence)	-	1.00 to 25.00	38.00	1.00 to 25.00
Expected volatility (%)	-	31.50 to 44.10	36.20	35.50 to 45.70
Expected life of option (years)	-	2.30 to 6.92	6.10	3.14 to 6.92
Dividend yield (%)	-	0.00 to 2.00	0.00	0.00 to 2.00
Risk-free interest rate (%)	-	1.00 to 4.00	4.00	1.75 to 4.00

Expected share price volatility was determined through the assessment of the historical volatility of a comparable group of companies over a period consistent with the expected life of the award. It is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the options is based on management's estimated date of a change of control of the Group and is not necessarily indicative of exercise patterns that may occur.

New Look Retailers Limited

Notes to the financial statements (continued)

19 Share based payments (continued)

Effect on financial statements

The effect of accounting for share based payments, in accordance with FRS 20 'Share based payments', on the Company's profit before taxation for the periods is as follows:

	2014 £'000	2013 £'000
Total share based payment charge	2,755	575

The total share based payment charge relates to equity settled transactions.

20 Called up share capital

	2014 £'000	2013 £'000
Authorised:		
100,000 ordinary shares of £1 each	100	100
Allotted and fully paid:		
1,000 ordinary shares of £1 each	1	1

21 Profit and loss account

	£'000
At 30 March 2013	1,196,462
Profit for the financial period	114,735
Capital contribution from parent company	2,756
Release of intercompany receivables and waiver of loans	(950,408)
Dividends paid	(74,334)
At 29 March 2014	289,211

22 Reconciliation of movement in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial period	114,735	116,869
Capital contribution from parent company	2,756	596
Release of intercompany receivables and waiver of loans	(950,408)	-
Dividends paid	(74,334)	-
Net increase in shareholders' funds	(907,251)	117,465
Opening shareholders' funds	1,196,463	1,078,998
Closing shareholders' funds	289,212	1,196,463

New Look Retailers Limited

Notes to the financial statements (continued)

23 Pension arrangements

The Company made contributions to personal pension plans on behalf of employees. The total contribution to these schemes was £1,641,217 (2013: £1,187,160). At 29 March 2014, £nil (2013: £153,000) was outstanding in respect of contributions payable to these pension schemes.

24 Capital commitments

	2014 £'000	2013 £'000
Amounts authorised and contracted	10,522	5,303

25 Related party transactions

Transactions with other group companies have not been disclosed, in accordance with the exemption permitted by FRS 8 'Related party disclosures'. The following transactions requiring disclosure occurred during the period:

ESOPs

At the end of the financial period, the ESOPs owed the Company £24.6 million (2013: £25.1 million) however the recoverable amount recognised by the Company is £2.7 million (2013: £1.2 million) following the impairment that was recognised for amounts that were not deemed recoverable (note 4).

Franchise Agreement

On 1 February 2007, the Company entered into a five year franchise agreement with RNA Resources Group Limited ("RNA"), a subsidiary of the Landmark Group International ("Landmark"), in which Mukesh Wadhmal Jagtiani and his wife, Renuka Mukesh Jagtiani own shares. Mukesh Jagtiani also owns 29,737,833 Ordinary B shares (2013: 29,737,833) in the Company's ultimate parent in the name of Quillian Investments Corporation.

The agreement relates to the opening of new stores under the New Look brand in the Middle East.

In February 2012, the Company received a fee of £1.8 million in return for granting exclusivity to the New Look brand in the Middle East. In addition, the Company receives a royalty for the supply of goods based on a percentage of sales made by the franchisee.

Amortisation of the territory fee over the term of the agreement of £0.4 million (2013: £0.4 million) has been recognised through the income statement in the current financial period.

Transactions with franchisee	2014 £'000	2013 £'000
Sale of goods and handling charges	27,986	30,089
Franchise royalty income	443	368
	2014 £'000	2013 £'000
Balance due from franchisee at the end of the financial period	4,164	2,973

New Look Retailers Limited

Notes to the financial statements (continued)

25 Related party transactions (continued)

Transactions with joint venture	2014 £'000	2013 £'000
Purchases from joint venture	8,897	10,488

Included within trade debtors is a balance of £nil (2013: £nil) owed by the joint venture.

Included within trade creditors is a balance of £1.5 million (2013: £nil) owed to the joint venture.

Transactions with private equity investors

During the financial period, a monitoring fee of £201,000 (2013: £197,000) was payable to Apax and a monitoring fee of £150,000 (2013: £150,000) to Permira by another Group company.

Transactions with Director

During the period a monitoring fee of £0.2 million (2013: £0.1 million) was payable to Rianta Capital Limited, an advisory company owned by T Singh's Family Trust by another Group company.

There were no other related party transactions which require disclosure in accordance with FRS 8 'Related party disclosures'.

26 Contingent liabilities

The Company is party to a cross guarantee on the UK borrowing facilities of the New Look Retail Group Limited Group, which amounts to £75.0 million (2013: £10.8 million) undrawn committed revolving multi-currency facility. This facility expires in more than one year.

To establish the relative rights of creditors under the Group's financing arrangements, the Company entered into an Intercreditor Agreement on 14 May 2013 with the Security Agent, the lenders under the Group's Senior Facilities Agreement, the Senior Agent under the Group's Senior Facilities Agreement and Deutsche Trustee Company Limited. The Intercreditor Agreement is governed by English law and sets out the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

The Company is part of the guarantor group under the financing arrangements and as such is an obligor to the debenture.

27 Ultimate parent undertaking and controlling party

The immediate parent undertaking is New Look Limited, a company incorporated in England and Wales.

New Look Retail Group Limited, the ultimate parent and controlling party, is incorporated in England and Wales and is the parent undertaking of the smallest and largest group to consolidate these financial statements. The financial statements of New Look Retail Group Limited can be obtained from New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ or online at www.newlookgroup.com.

New Look Retail Group Limited is the ultimate parent of the Group. Apax Funds own 27.7% and Permira Funds own 27.6% of the total issued share capital.