

Country Casuals Holdings plc

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Directors Report and Financial Statements

24 January 1998

Registered Number 2319160



Report Of The Directors

The Directors have pleasure in submitting to members their annual report together with the audited accounts for the Group for the 52 weeks ended 24 January 1998.

Principal Activities

The principal activities of the Group during the year were the design, manufacture and multiple retailing of ladies fashionwear, trading through its subsidiary companies, Country Casuals Limited and Lerose Limited.

Financial Review and Future Developments

The loss before taxation, but after interest, for the Group amounted to £4,763,000. The full results for the period are shown on page 5. The operating profit of £72,000 is stated after charging £764,000 of costs associated with the takeover of the Group by the Austin Reed Group plc (effective 28 January 1998) and an additional £613,000 of reorganisation costs.

During the year, the Group disposed of the Elvi retail and Lerose manufacturing businesses. After shareholder approval, these disposals were completed on the 13 and 17 June 1997 respectively. Trading results for these businesses (an operating loss of £878,000) have been consolidated to these dates and are shown as terminated activities. The loss on the disposal of the assets and liabilities employed by the business was £6,081,000. During the year, the Group also disposed of surplus industrial sites, resulting in a profit of £1,575,000.

Dividends

The Directors do not recommend the payment of a final dividend (1997 - £nil).

Employment Policies, Communications and Involvement

The Group has an open approach to information and the involvement of employees. In the normal course of business, all retail employees have access to a weekly bulletin in which operational information about the Group is published. Regular meetings are held throughout the management chain and, wherever possible, employees are encouraged to discuss and debate issues openly.

Disabled Employees

The Group gives every consideration to applications for employment from disabled persons where the requirements for the vacancy may be adequately covered by a handicapped or disabled person.

With regard to current employees who become disabled during the year, the Group has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

Charitable and Political Donations

The Group made charitable donations of £1,035 (1996 - £1,300) during the year. There were no political donations made during the year.

Environmental Policy

The Group recognises the role it can play by giving a high priority to all environmental matters. It is actively seeking the best practice across all matters and concerns. It continues to actively seek information from prime raw material suppliers as to policy on the environment so that it understands the environmental side effects of its supply chain.

Report Of The Directors

Continued

Directors

The directors of the company during the year were:

M L Bunce	Resigned	19 May 1997
C M Bunce	Resigned	19 May 1997
T L Adams (Non Executive Chairman)	Resigned	30 September 1997
W A Lowbridge	Appointed	6 October 1997
J H B Ketteley (Non Executive Chairman)	Appointed	6 October 1997
M I Peacock (Non Executive)		
A J Mills-Baker		

Following the takeover of the Group by Austin Reed Group plc on 28 January 1998, W A Lowbridge, M I Peacock, A J Mills-Baker and J H B Ketteley resigned as directors and C M L Evans, G Gibson and R W Jennings were appointed.

Directors Interests in the Shares of the Company

The interests of the directors in the shares of the Company were:

	24 January 1998	25 January 1997
A J Mills-Baker	21,670	16,670
M I Peacock	30,000	30,000
W A Lowbridge	120,000	120,000

Directors Interests in Share Options

The interests of the directors in share options of the Company were:

Mr A J Mills-Baker holds options over 30,000 shares in the Executive Share Option Scheme as at the 24 January 1998. These options were granted at an exercise price of £1.08 on the 4 May 1995 and are exercisable between 3 and 10 years from the date of the grant. Mr W A Lowbridge also holds options over 75,000 shares in the Executive Share Option Scheme as at the 24 January 1998. These options were granted at an exercise price of £1.30 on the 24 June 1992 and are exercisable between 3 and 10 years from the date of the grant.

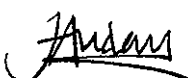
Mr A J Mills-Baker holds options over 18,055 shares in the Savings Related Share Option Scheme. His options were granted at an exercise price of £1.08. Mr W A Lowbridge holds options of 13,846 shares in the same scheme with an exercise price of £1.30. All options under these schemes are exercisable within 6 months of the end of the appropriate savings periods which are 5 to 7 years.

The market price of the Company's ordinary shares at the 24 January 1998 was 133.5p (1997 – 82p). The share price quoted for the Company during the 52 weeks ended 24 January 1998 ranged between 74p and 133.5p.

Auditors

The auditors, KPMG Audit plc, have expressed their willingness to continue in office, and a resolution for their reappointment will be proposed at the annual general meeting.

By order of the Board



Jill Anders
Secretary

Registered Office
Eglin House
Billing Road
Northampton
NN1 5AU

Directors responsibilities in respect of the preparation of financial statements

Under Company law the Directors have to prepare financial statements for each financial year which give a true and fair view of the state of affairs for the Company and the Group and of the profit and loss for that period. In preparing those financial statements, the Directors are required to:

- ensure suitable accounting policies are maintained consistently and applied at all times and across all areas of the Group and that any judgements or estimates made are reasonable and prudent;
- state whether applicable accounting standards have been adhered to and provide suitable disclosures and explanations in the financial statements where material departures from standards have been made;
- prepare the financial statements using accounting policies and standards on the basis of a going concern, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for maintaining proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



Audit Report to the Members of Country Casuals Holdings plc

We have audited the financial statements on pages 5 to 20.

Respective Responsibilities of Directors and Auditors

As described on page 3, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 24 January 1998 and of the loss of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1995.

KPMG Audit Plc

KPMG Audit plc
Chartered Accountants
Registered Auditor

Date: 23 April 1998

Consolidated Profit & Loss Account

For the 52 weeks ended 24 January 1998

	Notes	52 weeks ended 24 January 1998			52 weeks ended 25 January 1997		
		Ongoing Activities £000's	Terminated Activities £000's	Total £000's	Ongoing Activities £000's	Terminated Activities £000's	Total £000's
Turnover	1	40,637	5,690	46,327	40,642	13,781	54,423
Cost of Sales		(17,092)	(3,635)	(20,727)	(17,485)	(9,317)	(26,802)
Gross profit		23,545	2,055	25,600	23,157	4,464	27,621
Distribution costs		16,080	1,891	17,971	15,449	5,332	20,781
Administrative expenses		5,138	1,042	6,180	4,640	1,843	6,483
Cost of takeover by Austin Reed		764	0	764	0	0	0
Reorganisation costs		613	0	613	0	0	0
Operating profit/(loss)	2	950	(878)	72	3,066	(2,709)	357
Loss of disposal of businesses	15	0	(6,081)	(6,081)			
Profit on disposal of fixed assets		1,575	0	1,575			
(Loss)/profit on ordinary activities before interest		2,525	(6,959)	(4,434)			357
Net interest (payable)/receivable	4			(329)			(249)
(Loss)/profit on ordinary activities before taxation				(4,763)			108
Tax on profit/(loss) on ordinary activities	5			(533)			(82)
(Loss)/profit on ordinary activities after taxation				(5,296)			26
Dividends	6			0			(326)
Retained loss for the period				(5,296)			(300)

All of the Groups activities in both periods derive from continuing operations.

Terminated activities for 1997/98 comprise the results of the Elvi Retail and Lerose Manufacturing businesses to the date of sale on 13 and 17 June respectively. The comparative figures have been restated.


The Group has no recognised gains or losses other than the loss for the current or proceeding year.

Consolidated Balance Sheet

At 24 January 1998

	Notes	1998 £000's	1997 £000's
Fixed Assets			
Tangible Assets	7	4,916	6,993
Current Assets			
Stocks	9	5,409	6,859
Debtors	10	<u>4,151</u> 9,560	<u>5,877</u> 12,736
Creditors: Amount falling due within one year	11	(8,806)	(8,763)
Net Current Assets		<u>754</u>	<u>3,973</u>
Total assets less current liabilities		5,670	10,966
Net Assets		<u>5,670</u>	<u>10,966</u>
Capital and Reserves			
Called up share capital	12	958	958
Share premium account	13	3,465	3,465
Other reserves	13	2,467	2,467
Profit & loss account	13	(1,220)	4,076
Equity Shareholder's Funds		5,670	10,966

The accounts were approved by the Board on 23 April 1998 and signed on its behalf by


Geoff Gibson
Director

Reconciliation of Movements in Shareholders' Funds

	1998 £000's	1997 £000's
(Loss)/profit for the financial period	(5,296)	26
Dividends	0	(326)
Share capital issued	0	1
Premium on shares issued	0	2
Net deductions to shareholders' funds	(5,296)	(297)
Shareholders' funds at 25 January 1997	10,966	11,263
Shareholders' funds at 24 January 1998	5,670	10,966

Company Balance Sheet

At 24 January 1998

	Notes	1998 £000's	1997 £000's	1997 £000's
Fixed Assets				
Tangible Assets	7	1,778	481	
Investments	8	<u>48</u>	<u>48</u>	
			1,826	529
Current Assets				
Debtors	10	4,691	9,656	
Creditors: Amount falling due within one year	11	(7,405)	(5,131)	
Net Current Assets			<u>(2,714)</u>	<u>4,525</u>
Total assets less current liabilities			<u>(888)</u>	<u>5,054</u>
Net Assets			<u>(888)</u>	<u>5,054</u>
Capital and Reserves				
Called up share capital	12		958	958
Share premium account	13		3,465	3,465
Profit & loss account	13		(5,311)	631
Equity Shareholders Funds			<u>(888)</u>	<u>5,054</u>

The accounts were approved by the Board on 23 April 1998 and signed on its behalf by

Geoff Gibson
Director



Consolidated Cash Flow Statement

For the 52 weeks ended 24 January 1998

	Notes	1998 £000's	1997 £000's
Net cash inflow from operating activities	14	647	2,310
Returns on investment and servicing of finance:			
Interest received		53	40
Interest paid		(347)	(303)
Net cash outflow from returns on investments/ servicing of finance		(294)	(1,355)
Taxation			
Corporation Tax paid including Advance Corporation Tax		(13)	(255)
Capital Expenditure:			
Purchase of fixed assets		(1,377)	(1,768)
Sale of fixed assets		2,538	101
Cash inflow/(outflow) from capital expenditure		1,161	(1,667)
Acquisitions and disposals			
Disposal of subsidiary	15	(1,342)	0
Acquisitions and disposals		(1,342)	
Equity dividends paid		0	(1,092)
Net cash outflow before financing		159	(967)
Net (increase)/decrease in cash and cash equivalents	16	159	(967)

Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's accounts. The accounts have been prepared in accordance with applicable Accounting Standards.

Group Accounts

The Group accounts consolidate the results of the Company and its subsidiary undertakings.

Basis of Accounting

The accounts have been prepared, under the historical cost accounting rules, for financial periods ending on the fourth Saturday in January.

The financial period reported in these accounts is for the 52 weeks from 26 January 1997 to 24 January 1998.

Turnover

The turnover of the Group comprises amounts receivable from external customers for goods sold, and services provided, excluding trade discount, value added tax and other sales taxes.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated so as to write off the freehold, long and short leasehold properties and the cost of other tangible fixed assets over their estimated useful lives on a straight line basis as follows:

Freehold and long leasehold	3%
Short leasehold premises	Over the terms of the lease
Plant and machinery	20% to 33.3%
Motor vehicles	25%
Fixtures and fittings	14.3%

Investments

Shares in Group subsidiary undertakings are stated at cost less any amounts written off.

Intangible Fixed Assets

Expenditure on research and development, samples and trademarks is written off in the year in which it is incurred.

Leased Assets

Where assets have been acquired through funding by leasing arrangements which give rights approximating to ownership ('finance leases'), the amount representing the outright purchase price of the asset is capitalised and depreciated in the same manner as owned assets.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayment outstanding.

Operating lease rentals are charged to the profit and loss account as incurred over the term of the lease.

Goodwill

Goodwill or negative goodwill arising on acquisition of subsidiaries is written off against or credited to reserves.

Stock and Work in Progress

Stocks are valued at the lower of cost and net realisable value. Cost is the invoiced value of raw materials and finished goods. For work in progress and finished goods manufactured by the Group, cost is taken as production costs which includes an appropriate proportion of attributable overheads.

Foreign Currencies

All assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Profits and losses on exchange arising in the normal course of trading and realised exchange differences arising on the conversion of foreign currency borrowings are dealt with in the profit and loss account.

Deferred Taxation

Deferred taxation is provided for to the extent that there is reasonable probability that the taxation will become payable. The provision is calculated using the liability method in respect of significant timing differences.

Pensions

The Company operates a contributory pension scheme covering a large proportion of its permanent staff. The scheme's funds are administered by trustees and are independent of the Company's finances. The regular costs of providing benefits are charged to the profit and loss account so as to spread the cost over employees' working lives on a systematic basis. Variations from regular costs are spread over the remaining service lives of the current employees.

Government Grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Notes to the Accounts

1. Divisional analysis of turnover, gross profit, profit before interest and net assets

Turnover arises from the sales of womenswear by the Group to third parties, net of discounts and value added tax.

(a) Analysis of turnover by origin

	52 weeks ended 24 January 1998 £000's	52 weeks ended 25 January 1997 £000's
United Kingdom	45,450	53,563
Continental Europe	877	860
	46,327	54,423

(b) Analysis by activity

	52 weeks ended 24 January 1998			52 weeks ended 25 January 1997		
	Ongoing Activities £000's	Terminated Activities £000's	Total 1998 £000's	Ongoing Activities £000's	Terminated Activities £000's	Total 1997 £000's
Turnover:						
Retail:						
- Country Casuals	40,637	0	40,637	40,642	0	40,642
- Elvi	0	3,868	3,868	0	10,201	10,201
	40,637	3,868	44,505	40,642	10,201	50,843
Manufacturing	0	1,822	1,822	0	3,580	3,580
Total turnover	40,637	5,690	46,327	40,642	13,781	54,423
Gross profit:						
Retail:						
- Country Casuals	23,545	0	23,545	23,157	0	23,157
- Elvi	0	2,072	2,072	0	4,705	4,705
	23,545	2,072	25,617	23,157	4,705	27,862
Manufacturing		(17)	(17)		(241)	(241)
Total gross profit	23,545	2,055	25,600	23,157	4,464	27,621
Operating profit/(loss): Before exceptional items						
Retail:						
- Country Casuals	3,015	0	3,015	3,066	0	3,066
- Elvi	0	(3,404)	(3,404)	0	(1,589)	(1,589)
	3,015	(3,404)	(389)	3,066	(1,589)	1,477
Other:						
Manufacturing	0	(924)	(924)	0	(1,120)	(1,120)
Central costs	(490)	(2,631)	(3,121)	0	0	0
Total operating profit/(loss)	2,525	(6,959)	(4,434)	3,066	(2,709)	357

Central costs consist of the Austin Reed takeover costs (£764,000), reorganisation costs (£613,000) and Group costs which were irrecoverable in the current year as a result of the disposal of the Elvi and Lerose businesses. In the previous year, all Group costs were fully recoverable from the Group's operating companies.

Notes to the Accounts

Continued

1. Divisional analysis of turnover, gross profit, profit before interest and net assets.

(c) Analysis of net assets by activity	1998 £000's	1997 £000's
Retail	5,670	9,089
Manufacturing	0	1,877
	5,670	10,966

2. Operating Profit

(a) This is stated after charging/(crediting)	1998 £000's	1997 £000's
Depreciation of tangible fixed assets	1,043	1,180
Exchange (gains)/losses	(116)	93
Operating lease rentals:		
- Property	3,604	4,024
- Machinery	99	84
Net rental income	(348)	(326)
Government grant	(32)	(150)

Fees in respect of services provided by the auditor were statutory audit of the Group £38,861 (1997 - £52,500) including £14,000 in respect of the Company. Other services provided by the auditor and its associates in the UK £473,387 (1997 - £130,500).

Notes to the Accounts

Continued

(b) Directors' Remuneration

	52 weeks ended 24 January 1998 £000's	52 weeks ended 25 January 1997 £000's
Director's emoluments	266	335
Compensation for loss of office	85	0
Amounts paid to third parties in respect of director's services	94	17
	445	352

The aggregate of emoluments of the highest paid director was £151,000 (1997 - £122,000). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £63,979 (1997 - £38,080).

	1998	Number of Directors	1997
Retirement benefits are accruing to the following number of directors under:			
Defined benefit scheme	3		3

Information relating to directors share options is declared on page 2 of the directors report

3. Staff Numbers and Costs

The average number of staff employed by the Group during the period was:

	52 weeks ended 24 January 1998 Number	52 weeks ended 25 January 1997 Number
Retail and Distribution	991	1,028
Manufacturing	125	249
Administrative	90	131
	1,206	1,408

The staff costs for the period were:

	£000's	£000's
Wages and salaries	8,995	10,925
Social security costs	578	725
Other pension costs	154	221
	9,727	11,871

Notes to the Accounts

Continued

4. Net Interest (payable)/receivable

	52 weeks ended 24 January 1998 £000's	52 weeks ended 25 January 1997 £000's
Bank loans and overdrafts repayable		
- wholly within five years	(368)	(297)
Less interest receivable	39	48
Net interest (payable)/receivable	(329)	(249)

5. Tax on profit of ordinary activities

	1998 £000's	1997 £000's
UK Corporation tax at 31%/33%	462	0
Deferred taxation	0	82
Undercharge in previous periods	71	0
Net charge	533	82

The current year tax charge has been impacted by losses which are capital in nature and other disallowable costs which cannot be offset against trading profits

6. Dividends

Ordinary shares 5p:

- Interim dividend of 1.70p per share (1997 – 1.70p)	0	326
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Notes to the Accounts

Continued

7 (a) Tangible Fixed Assets

	Freehold and Long Lease £000's	Short Leasehold £000's	Plant & Machinery £000's	Total £000's
Cost				
At 25 January 1997	2,314	1,674	10,065	14,053
Additions	10	63	1,294	1,367
Disposals	(916)	(79)	(3,894)	(4,889)
At 24 January 1998	1,408	1,658	7,465	10,531
Depreciation				
At 25 January 1997	424	829	5,807	7,060
Charge for the year	43	81	919	1,043
Disposals	(304)	(34)	(2,150)	(2,488)
At 24 January 1998	163	876	4,576	5,615
Net book value				
At 24 January 1998	1,245	782	2,889	4,916
At 25 January 1997	1,890	845	4,258	6,993

7 (b) Company Tangible Fixed Assets

	Freehold and Long Lease £000's	Short Leasehold £000's	Plant & Machinery £000's	Total £000's
Cost				
At 25 January 1997	0	0	1,013	1,013
Additions	2,324	0	223	2,547
Disposals	(916)	0	(67)	(983)
At 24 January 1998	1,408	0	1,169	2,577
Depreciation				
At 25 January 1997	0	0	532	532
Additions	424	0	34	458
Charge for the year	43	0	119	162
Disposals	(304)	0	(49)	(353)
At 24 January 1998	163	0	636	799
Net book value				
At 24 January 1998	1,245	0	533	1,778
At 25 January 1997	0	0	481	481

Notes to the Accounts

Continued

8. Company Fixed Asset Investment

Cost	Shares in subsidiary undertakings £000's
At 25 January 1997	11,177
At 24 January 1998	11,177
Amounts written off	
At 25 January 1997	(11,129)
At 24 January 1998	(11,129)
Net book value	
At 24 January 1998	48
At 25 January 1997	48

9. Stocks

	Group		Company	
	1998 £000's	1997 £000's	1998 £000's	1997 £000's
Raw materials and consumables	308	1206	0	0
Work in progress	0	549	0	0
Finished garments	5,101	5,104	0	0
	5,409	6,859	0	0

Notes to the Accounts

Continued

10. Debtors

	Group		Company	
	1998 £000's	1997 £000's	1998 £000's	1997 £000's
Trade debtors	2,674	3,979	114	100
Amounts due from subsidiary undertakings	0	0	4,257	9,398
Other debtors	456	283	288	6
Prepayments and accrued income	456	1,020	32	152
ACT and Corporation Tax recoverable	565	595	0	0
	4,151	5,877	4,691	9,656

11. Creditors: Amounts falling due within one year

	Group		Company	
	1998 £000's	1997 £000's	1998 £000's	1997 £000's
Bank overdraft	770	929	4,947	2,525
Trade creditors	1,493	2,654	261	141
Amounts due to subsidiary undertakings	0	0	0	2,200
Other creditors	493	1,832	173	105
Corporation tax	561	57	37	0
Other taxation and social security	1,742	1,897	23	52
Accruals and deferred income	3,747	1,394	1,964	108
	8,806	8,763	7,405	5,131

The bank overdraft facility, disclosed separately on the face of the balance sheet, is secured by fixed and floating charges over the assets of the Group, cross-guaranteed between the Company and its subsidiaries.

12. Share Capital

	1998		1997	
	Authorised £	Called up, issued and fully paid £	Authorised £	Called up, issued and fully paid £
(a) Ordinary shares 5p each	1,300,000	957,535	1,300,000	957,535
	Number 26,000,000	Number 19,150,711	Number 26,000,000	Number 19,150,711

Notes to the Accounts

Continued

13. Share Premium Account and Reserves

Group	Share Premium Account £000's	Other Reserves £000's	Profit & Loss Account £000's
At 25 January 1997	3,465	2,467	4,076
Retained loss for the period			(5,296)
At 24 January 1998	3,465	2,467	(1,220)
The cumulative amount of goodwill written off to reserves is £ Nil (1997:£Nil)			
Company		Share Premium Account £000's	Profit & Loss Account £000's
At 25 January 1997		3,465	631
Retained loss for the period			(5,942)
At 24 January 1998		3,465	(5,311)

14. Net Cash Flow From Operating Activities

	1998 £000's	1997 £000's
Operating profit	72	357
Depreciation charged	1,043	1,180
Loss on disposal	128	0
Decrease/(increase) in debtors	(163)	903
(Decrease)/increase in creditors	1,936	(502)
Decrease/(increase) in stocks	(2,369)	372
Net cash inflow from operating activities	647	2,310

15. Terminated Activities

On the 13 and 17 June 1997 the group disposed of it's Elvi retail and Leros Manufacturing business for a consideration of £376,000. A loss of £6,081,000 is reported as follows:

	£'000
Fixed assets	1,556
Stock	3,819
Debtors	1,889
Cash	63
Creditors	(3,217)
Net assets sold	4,110
Cash consideration	(376)
Cash costs of disposal	1,655
Net sale proceeds	1,279
Other non cash costs of disposal	692
Loss on disposal	6081

Notes to the Accounts

Continued

16. Analysis of changes in net debt

	As at 26 January 1997 £'000	Cashflows	As at 24 January 1998 £,000
Overdrafts	(929)	159	(770)

17. Pensions

The Group operates a defined benefits pension scheme and employees who are members of the scheme pay contributions into a trust fund held separately from the assets of the Group. The assets of the fund are invested by external managers.

Contributions to the scheme are charged to the profit and loss accounts so as to spread the cost of pensions over employees' working lives with the Group. Contributions are determined by a qualified actuary on the basis of triennial valuations.

The most recent actuarial value was undertaken as at 6 April 1996. The actuarial valuation was carried out using the projected unit method and assumed that the investment returns would be 9% per annum and Pensionable Earnings would increase by 7% per annum on average. The valuation showed that the market value of the schemes assets was £16,358,000 and that the actuarial value of these assets represented 123% of the benefits that had accrued to the members, after allowing for expected future increases in earnings.

The pension cost for the period was £154,000 (1997 - £220,000). The pension provision as at the 24 January 1998 included in creditors was £426,000 (1997 - £443,000).

18. Commitments

(a) Capital commitments at the end of the financial year for which no provision was made:

	Group 1998 £000's	1997 £000's
Authorised and contracted	120	82

At the end of the year the Group had annual commitments under non-cancellable leases as follows:

(b) Operating lease rentals payable during the next year:

	1998 £000's	1997 £000's
Leases of land and buildings expiring		
Within one year	0	59
Within one to two years	21	0
Within two to five years	336	326
Over five years	2,273	3,953
	2,630	4,338
Other operating leases expiring:		
Within one year	58	23
Within two to five years	50	64
	108	87

Notes to the Accounts

Continued

19. Contingent Liabilities

Under the terms of the sale agreements the Company guaranteed certain contingencies, totalling £500,000, relating to the Elvi retail and Lerosé manufacturing business which were disposed of during the year."

20. Company Profit and Loss

No Company profit and loss account is presented for Country Casuals Holdings plc as permitted by section 230 of the Companies Act 1985.

The retained loss for the period for Country Casuals Holdings plc was £5,942,000 (1997 - £5,913,000 - loss).

21. Principal Subsidiaries

Details of the principal subsidiaries are set out below. The Group owns 100% of the ordinary share capital of each of the following:

Name	Country of incorporation and Principal country of trading	Principle activities
Country Casuals Limited	UK	Retailer of womens' wear
Lerosé Limited	UK	Retailer and manufacturer of womens' wear
Lerosé Investments Limited	UK	Holding company

All of the above companies are registered in England and Wales. A full list of subsidiaries can be found on the Company's Annual Return.

22. Post Balance Sheet Event

On 26 January 1998, Country Casuals Holdings plc shareholders voted in favour of a takeover bid for the Group by Austin Reed Group plc. Austin Reed Group plc shareholders voted in favour of the takeover on 28 January 1998. Following this takeover the directors of Country Casuals Holdings plc resigned on the 6 February 1998 and were replaced by the following directors, appointed on 12 February 1998.

C M L Evans
G Gibson
R W Jennings

As a result of the Austin Reed take-over Country Casuals Holdings plc was de listed on the 26 March 1998.