

C. & J. Clark International Limited

Annual Report and Financial Statements
For the period ended 29 January 2022



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C. & J. Clark International Limited

Company Information

Directors	Paul Wakefield Joe Ulloa
Company number	141015
Auditor	Ernst and Young LLP 1 More London Place London
Registered office	40 High Street Street Somerset BA16 0EQ

C. & J. Clark International Limited

Strategic Report for the period ended 29 January 2022

Introduction

The principal activities of the Company during the period were shoe retailing and wholesaling.

The Company is a wholly owned subsidiary of C. & J. Clark (Holdings) Limited which is itself a subsidiary of C&J Clark (No 1) Limited.

Throughout this report "Group" is to be taken as meaning C&J Clark (No 1) Limited and all its subsidiary entities. The Company does not prepare consolidated financial statements.

Business review

The key financial and other performance indicators during the period were as follows:

	2022	2021	Change
	£'m	£'m	%
Turnover	511.9	407.9	25%
Operating profit/(loss)	24.2	(82.5)	129%
Profit/(Loss) after tax	31.5	(89.1)	135%
Equity shareholder's funds	111.0	13.9	699%

The economic climate remains uncertain with the impacts of the pandemic expected to continue into 2022 in the form of restrictions in movement and local lockdowns alongside global supply chain disruption. There has been steady recovery in the year with consumer demand growing, the strongest recovery being in direct-to-consumer channels. Turnover increased 25% versus last year to £511.9m, as the high street recovered from the impact of lockdowns earlier in the year and stores re-opened. Despite initial positive post lockdown results, further key trading periods were impacted by reduced footfall as consumers remained cautious and traditional peaks were flattened through delayed school start dates.

The Company continued to benefit from Government support through 2021 predominantly in the UK in the form of furlough support, business rates holidays and rates grants.

Cost control continues to be a key area of focus, in the first half further measures were implemented by the Company with a detailed review of all third-party related costs resulting in a reduction to planned overhead expenditure. Following the transformation plan implemented in 2019/20 and 2020/21, a further phase of organisational change and restructuring was implemented in May 2021 as management continues to re-set the Group and the Company for future success. Operating profit increased during the period to £24.2m compared to an operating loss of £82.5m in 2020/21. The global impact of the crisis in Ukraine is being closely monitored. Elevated energy prices will put further pressure on inflation in many countries and could impact consumer demand in key markets; in addition to increasing the costs of the Company.

The profit after tax for the period increased to £31.5m compared to a loss after tax of £89.1m in the prior period. The increase in profit after tax has been driven by the factors highlighted above.

Equity shareholder's funds increased by 699% to £111.0m because of the increase in FRS102 pension scheme valuation and the improvement in after-tax results noted above.

No dividend was declared or paid during the period.

C. & J. Clark International Limited**Strategic Report for the period ended 29 January 2022 (continued)**

Principal risks and uncertainties

The Covid-19 pandemic has had a deep and immediate impact on the operations of the Company and the Group. There remain material uncertainties over the prolonged impact of the Covid-19 pandemic on the global economy and consequently on the Company and the Group.

The global impact of the crisis in Ukraine is being closely monitored. Elevated energy prices will put further pressure on inflation in many countries and could impact consumer demand in key markets; in addition to increasing the costs of the Company.

The impact of the Covid-19 pandemic has resulted in an increased liquidity requirement for the Group. On 19 February 2021, C&J Clark (No 1) Limited entered into an investment agreement under the terms of which, LionRock Capital Partners QiLE, LP (referred to in this report as "LionRock") invested £100m into the Group and became owner of a majority of the issued share capital in C&J Clark (No 1) Limited. C&J Clark Limited remains the holder of 49% of the Group.

The main currencies for the company are GBP, US Dollar, Euro, Chinese Yuan and Japanese Yen. The US Dollar is used as the primary currency for sourcing footwear from Asia. Contracts are placed through competitive tendering with relationship banks. Income and expenditure flows in the same currency are offset as far as possible through natural hedging, and the Group hedges the net exposure.

Section 172 statement

The Directors of the Company are mindful, when exercising their duties, of the directions from the Board of Directors of C&J Clark (No 1) Limited. This statement is therefore informed by and follows the section 172 statement made by C&J Clark (No 1) Limited which is the entity through which the Group is governed for and on behalf of its stakeholders. The Board of Directors of C&J Clark (No 1) Limited determine the strategic direction of the Group, of which the Company forms a material part and, likewise, seeks assurance from executive management as to how such strategy is being executed across the Group. It is within this framework that the Directors of the Company exercise their independent duties as statutory officers of the Company.

Decision making across the Group throughout the financial year has been principally informed by the continuing threats that is the Covid-19 pandemic and the evident and pressing need to re-structure the group's activities best to ensure long term sustainability; thereby protecting the interests of all key stakeholders.

The directors of the Company consider that the following are key stakeholders:

Shareholders

The Company is 100% owned by C&J Clark (No 1) Limited, the parent company of the Group. As set out above, C&J Clark (No 1) Limited is owned as to 51% by LionRock and 49% by C&J Clark Limited. As majority shareholder LionRock immediately re-shaped the Board of Directors of C&J Clark (No 1) Limited by appointing five nominees connected to or known to it. C&J Clark Limited, has the right to appoint two nominees to the Board of C&J Clark (No 1) Limited. Having representatives of both shareholders appointed to the Board of C&J Clark (No 1) Limited ensures regular and direct dialogue between the Group's executives and, in turn, the Directors of the Company ensuring a good understanding of shareholder wishes and expectations.

Suppliers

The Company appreciates its dependence upon good relationships with its supply chain network; relationships that have been strained during the continuing pressures exerted by the Covid-19 pandemic and the challenges it has presented both in terms of finances and logistics. The Group has considered it of the utmost importance to maintain strong partnering relationships and to this end requires the Company to maintain a regular dialogue with all its suppliers. The Group also considers it vital that the Company works closely and continuously with its suppliers to maintain the highest possible reputation for quality product and high standards of ethical business conduct. The Group and the Company and their Directors continue to be grateful to this stakeholder group for their support and flexibility during the pandemic.

C. & J. Clark International Limited**Strategic Report for the period ended 29 January 2022 (continued)**

Employees

Employees are critical to the Group and the Company's ongoing business interests. It is a stakeholder group that has faced its own pressures away from the working environment as people continue to have to live within a World still trying to contain the Covid-19 pandemic. The Company has tried throughout the period to remain alive to the changing employment landscape and continues to accommodate as best it can the move towards more flexible working patterns. In this regard, the Company will continue actively to engage with its workforce as business requirements evolve.

The ongoing re-structuring of the Group presented challenges to the Company's workforce as employees were subject to changing terms and conditions of employment and cutbacks to the workforce as the Group worked towards a business model that offered better prospects for a truly sustainable business. Where changes have been made, the Company has endeavoured to do so in a consultative and collaborative way. Apart from specific consultation exercises carried out as part of the re-structuring proposals; the Company ensures communication with its workforce through ways typical for businesses of its type and reach. These include regular updates from the senior leadership team, including online "town hall" meetings and intranet community posts.

Customers

The Group's product, marketing and distribution strategy is centred around its customers. Building brand value and loyalty with customers is essential if the Group is to maintain long-term sustainability. Customer sentiment can be observed in the Group's underlying sales figures and regular updates on product feedback and trading performance. This feedback and the interests of customers are then considered in key business decisions, including product improvements, the monitoring of supplier quality and safety standards, optimising freight and logistics to ensure efficient order and delivery is adhered to, as well as new marketing initiatives.

With the interests of customers in mind, the Company's senior leadership team review proposals in respect of new store openings, capital expenditure on stores and the e-commerce platform, as well as wholesale and franchise opportunities with new partners.

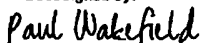
Pension Trustees

The trustees of the C&J Clark Pension Fund are important stakeholders being a principal Creditor of the company in terms of funding obligations owed to the scheme. The Group has actively engaged with the trustees throughout the negotiations that culminated in the Lionrock investment and contemporaneous re-financing of the Groups' main banking facilities. Their support throughout that process was much appreciated by the Company which has continued with a constructive engagement as the Group seeks to take measures to address the pension fund deficit.

Providers of debt capital

Continued access to debt capital remains of vital importance to the long-term sustainability of the Company. The Group was grateful to its previous lenders when agreement was reached to re-state the existing facilities at the time of the LionRock investment. On 21 June 2022, the Group completed a refinancing of its main banking facilities and is building a relationship with its new banking group.

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Paul Wakefield*Director*

28 July 2022

C. & J. Clark International Limited

Directors' Report for the period ended 29 January 2022 (continued)

The directors present their report and the audited financial statements for the Company for the period ended 29 January 2022.

Results and dividends

The profit for the period, after taxation was £31.5m (2021: loss of £89.1m). No dividends were declared or paid during the period ended 29 January 2022 (2021: nil).

Directors

The directors who served the Company during the period and subsequently were as follows:

G. Presca	(resigned 19 February 2021)
A. Stoodley	(resigned 22 November 2021)
M. Barzaghi	(resigned 19 February 2021)
V. Herrero	(appointed 19 February and resigned 8 November 2021)
P. Wakefield	(appointed 22 November 2021)
J. Ulloa	(appointed 27 October 2021)

Political donations

The Company made no political donations or incurred any political expenditure during the period.

Employees

The Board subscribes to the principle of fairness through equality of treatment and opportunity and believes it to be of fundamental importance. It is the long-held aim of the Company to provide just and fair treatment for all employees. In accordance with this policy, the only personal considerations in making decisions about employees are those which relate directly to actual or potential performance. Throughout the Company, procedures for consultation with, and the involvement of, employees are in operation, as appropriate to the circumstances of the individual businesses. Relevant communications to employees are given through a variety of presentations, briefings, bulletins and reports.

Disabled persons

The Company considers applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

The environment

The Company recognises that care and concern for the environment and the community is a fundamental part of the Company's strategy. It is the Company's intention to strive continuously to minimise any adverse environmental impact of business activities, to comply with all relevant environmental legislation and to promote a caring attitude to the environment amongst its employees.

Events since the period end date

Refinancing: On 21 June 2022, the Group completed a refinancing of its main banking facilities, replacing the previous Rolling Credit Facility and Pricoa indebtedness with a 5-year term Asset Based Lending Facility ("ABL") of up to \$250m. The \$250m facility is split equally between C&J Clark International Limited and C&J Clark America, Inc and is guaranteed by C&J Clark (NoI) Limited and certain other entities within the Group.

Change of ultimate parent company: On 2 July 2022 Viva China Holdings Limited became the ultimate parent company of the Clarks group, when indirect subsidiary, Viva China Consumables Limited acquired 51% of the LionRock investment entity, Lionrock Capital Partners QiLE Limited.

CVA: On 11 July 2022 the final challenge to the CVA was removed. The removal of the challenge is estimated to result in a credit to the P&L of £2m. Due to the uncertainty regarding the removal of the challenge at the balance sheet date this is considered a non-adjusting event.

C. & J. Clark International Limited**Directors' Report for the period ended 29 January 2022 (continued)**

Going concern

The Directors of the Company have asked for and received a letter of support from the parent company, C&J Clark (No 1) Limited, which covers the going concern period of 15 months from the date of approval of these financial statements to 31 October 2023.

The Directors have considered the ability of the parent company to stand behind that letter of support. In considering this, the Directors note that there is a material uncertainty disclosed in the accounts of C&J Clark (No 1) Limited as a result of the impact of Covid-19 and potential changes in consumer spending on the parent Company's ability to meet its banking requirements. Since those accounts were signed in May the Group has undertaken a refinancing exercise. Although this does not materially impact profitability, it does improve the available debt facility and change the applicable covenant tests. Therefore, an updated Going Concern assessment was performed for the Group post refinancing, since C&J Clark (No 1) Limited signed accounts do not disclose this. Accordingly, the Directors consider that, although there is greater liquidity headroom post the refinancing, there is still a material uncertainty in respect of the ability of the parent to stand behind the letter of support. This is due to the continuing impacts of Covid-19 on certain regions, the impact from the conflict in Ukraine and the resulting geopolitical uncertainty, and the current inflationary pressures that may have a negative effect on household discretionary spending. These may impact the ability of the parent Company's ability to meet its banking requirements.

Therefore, whilst the Directors of the Company are satisfied that it is appropriate to prepare these accounts on a going concern basis, they have concluded, as a consequence of the above, that there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

Financial instruments

Financial instruments are used by the business to mitigate against currency and interest rate risks. The strategy for the use of these instruments is contained within the Treasury Policy which is approved by the Board of Directors of C&J Clark (No 1) Limited and reviewed on an annual basis.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

C. & J. Clark International Limited**Directors' Report for the period ended 29 January 2022 (continued)**

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Governance

As a large privately held business in the UK, the Company is, in the preparation of this report, subject to the provisions of The Companies (Miscellaneous Reporting) Regulations 2018. Amongst other things, this legislation requires the Company either, to make a statement of its corporate governance arrangements in the Directors' Report detailing which corporate governance code the company applied during the reporting period, or, if no such code was applied, the reasons for that decision and an explanation of what corporate governance arrangements have been applied for the financial year.

The Company does not for itself follow a Code separate to that of C&J Clark (No 1) Limited. The Group is managed on a group basis with group decisions being taken by a group Executive Committee which itself reports to and gives assurance to the main group Board of Directors.

The Group has in place arrangements to ensure that all key strategic and material matters to which the Company is party or concerned with are separately and independently considered by the directors of the Company. These are part of the group's governance arrangements which are in place to ensure decisions involving group subsidiaries are approved by the relevant subsidiary. These include things such as significant capital commitments, contracts above a certain value, material financial liabilities, decisions pertaining to substantial litigation. This process seeks to ensure the appropriate level of diligence has been performed in understanding the obligations, risks and terms of any initiatives to be undertaken. This contributes to protecting the integrity and long-term sustainability of all its business and to creating and preserving value for its stakeholders.

Each director is required to undertake training to ensure a clear understanding of the role of a director on the Board of a large private company. Importantly, each director has received clear instruction on the importance of being cognisant of the key stakeholder interests and matters set out in section 172 of the Companies Act being the statutory enactment of a director's fiduciary duty to the Company. The directors seek always to act in a way that is in line with these duties.

Set out below is an extract from the consolidated accounts of C&J Clark (No 1) Limited which sets out its governance arrangements for this reporting period ending 29 January 2022. This provides the context for the Company's activities within the Group as set out above.

"C&J Clark (No 1) Limited began the financial year as a subsidiary of C&J Clark Limited ("CJC"), being a company owned mostly by persons who could trace a family lineage back to the Clark group's founders, Cyrus and James Clark. On 19 February 2021, arrangements agreed in an Investment Agreement entered into on 16 October 2020 made between LionRock Capital Partners QiLe, L.P. ("the LionRock LP"), CJC and C&J Clark (No 1) Limited were completed, resulting in the LionRock LP acquiring 51% of the entire issued share capital of C&J Clark (No 1) Limited and LionRock Capital Partners QiLe Limited ("LionRock Investco") subscribing for 100,000,000 cumulative redeemable non-participating class "A" preference shares of £1.00 each in the capital of C&J Clark (No 1) Limited. The resulting change in control of the Clarks group of companies brought with it a change of governance arrangements; CJC having previously chosen to apply the Wates Corporate Governance Principles for large Private Companies. In the negotiations leading up to completion of the LionRock LP's investment, it was agreed between the continuing shareholders (LionRock LP and CJC) and C&J Clark (No 1) Limited how the group should be governed going forward. These arrangements are not by reference to any corporate governance code but are set out at length in a Shareholders Agreement ("the Agreement") entered into by them on completion of the share transactions described.

The provisions and terms of the Agreement are confidential as between the parties thereto but each of them has agreed to the following disclosures:

C. & J. Clark International Limited**Directors' Report for the period ended 29 January 2022 (continued)**

Board

The LionRock LP has the right to appoint and maintain in office up to five persons as directors of C&J Clark (No 1) Limited to constitute a majority of the Board. The Street Trustee Family Company Limited ("the STFC") has the right to appoint and maintain in office two directors of the Company. In addition to these seven nominees, the LionRock LP has the right to appoint a further two persons who have no connection with LionRock to serve as independent directors.

The Chairperson of the Board is appointed by the LionRock LP and shall be one of its five nominee directors. This is currently Quilin Li. LionRock LP may also appoint up to four representatives to attend as observers at each and every meeting of the Board. Board meetings are scheduled at regular intervals, it being agreed there shall be at least four meetings a year. The Board actually met on five occasions during the year.

The Board has two committees which have their separate responsibilities. The first is an Audit Committee which is tasked with reviewing the Group's annual financial statements before submission to the Board for approval, as well as receiving reports from senior management and the external auditors on accounting and internal control matters.

The second Committee is the Remuneration, Governance and Nominations Committee which has responsibility for reviewing the remuneration of the senior management team; for overseeing all compliance related matters including environmental and sustainability issues and, for considering both senior executive appointments and non-executive appointments to the Board.

Each Committee has one director nominated by the STFC as a member. Resolutions of the Committees require at least one director nominated by the LionRock LP to be in favour.

Provision of information

The shareholders have agreed between themselves that C&J Clark (No 1) Limited should keep the LionRock LP and the STFC informed of the progress of the group's business and affairs and, that C&J Clark (No 1) Limited should give them such information and access to the officers, employees and premises of the group as they might reasonably request for the purposes of enabling them to monitor their investment in the group.

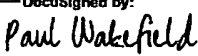
In the ordinary course of business, the information shared with the shareholders and the STFC comprises:

- Audited consolidated accounts;
- Draft annual budget of the group;
- Any Business Plan from time to time adopted by the group;
- Monthly and management accounts of the group;
- Any other documents made available to the group's finance partners; and
- Details of any circumstances likely to give rise to a material adverse effect on the group or reputational damage to the group or any shareholder.

Consent and consultation matters

The Agreement sets out clearly all matters that require the consent of the LionRock LP and, separately, details of matters that require the consent of the STFC. In addition, certain identified matters require that the STFC is consulted ahead of being implemented. Also, the Agreement clearly identifies all matters which require the consent of the Board. Taken together, these provisions provide the framework within which material and/or strategic decisions affecting the group are taken."

On behalf of the Board,

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Paul Wakefield

Director

28 July 2022

Independent auditor's report to the members of C. & J. Clark International Limited

Opinion

We have audited the financial statements of C. & J. Clark International Limited for the year ended 29 January 2022 which comprise the Income Statement, the Statement of Financial Position, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 29 January 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the note 1 in the financial statements, which indicates that the company is reliant on support from the parent company but that a material uncertainty exists in relation to the impact of Covid-19 and potential changes in consumer spending resulting from the current economic climate on the parent Company's ability to meet its banking requirements during the going concern period. As stated in the going concern note within the accounting policies, these events or conditions, along with the other matters as set forth in the going concern note, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going basis of accounting included:

- Obtaining a copy of the letter of support issued by the parent company and assessing the ability of this company to rely on that support for the going concern period.
- Obtaining management's assessment of the Clarks Group going concern covering a 15 month period to the end of October 2023 to understand and assess the key judgements and assumptions.
- Obtaining and analysing management's latest base and downside cashflow forecasts for the Clarks Group. We have tested these through:
 - Confirming the mathematical accuracy of the model and reliability of the underlying data of the forecasts.
 - Challenging the key assumptions underlying the forecasts, considering if these are supportable based on our understanding and external evidence, and challenging the assumptions to test their reasonableness including looking for contra indicators to the key assumptions.
 - Assessing the directors severe but plausible forecast scenarios and the reverse stress testing.
 - Comparing actual performance subsequent to the year end against forecast performance through to the signing of the audit report.

Independent auditor's report to the members of C. & J. Clark International Limited

- Obtaining the financing facility agreements in place for the Clarks Group during the year and the new agreements entered into post yearend and reviewing forecasted headroom and covenant compliance through to October 2023.
- Holding meetings with management to assess the material uncertainty and the likelihood of any other potential mitigating options available to the Directors, and reviewing the mitigating actions to consider the potential impact on our evaluation of forecast headroom and covenant compliance.
- Reviewing the going concern disclosures included in the accounts for appropriateness.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of C. & J. Clark International Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 7 and 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its domestic and overseas operations, including health and safety, employees, data protection and anti-bribery and corruption.
- We understood how C. & J. Clark International Limited is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance and the company secretary to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee and correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be a risk of management override associated with revenue and a fraud risk around revenue recognition. We selected a sample of transactions at the year end to perform detailed testing, including an understanding of the nature of the transactions and verifying the clerical accuracy of the revenue recognised. In relation to management override we sampled from the entire revenue population, identifying specific transactions which did not meet our expectations based on specific criteria. We tested the specific transactions back to source documentation ensuring appropriate authorisation of the transactions.

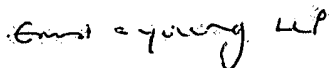
Independent auditor's report to the members of C. & J. Clark International Limited

- Based on our understanding we designed our audit procedures to identify non-compliance with such laws and regulations and to respond to the assessed risks. Our procedures included verifying that material transactions are recorded in compliance with FRS 102 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our inquiry with no indication of non-compliance identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Julie Carlyle (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 28 July 2022

C. & J. Clark International Limited**Income Statement**

		52 weeks ended 29 January 2022	52 weeks ended 30 January 2021
		£'m	£'m
Turnover	2	511.9	407.9
Cost of sales		(285.6)	(209.9)
Gross profit		226.3	198.0
Distribution costs		(140.3)	(157.8)
Administrative costs		(96.1)	(146.2)
Other income		34.3	23.5
Operating profit/(loss)	3	24.2	(82.5)
Interest receivable and other similar income	4	0.6	7.0
Interest payable and other similar charges	4	(12.1)	(10.1)
Profit/(Loss) before taxation		12.7	(85.6)
Taxation	5	18.8	(3.5)
Profit/(Loss) for the financial period		31.5	(89.1)

The turnover and operating result of the Company derive wholly from continuing activities.

C. & J. Clark International Limited**Other Comprehensive Income Statement**

		52 weeks ended 29 January 2022	52 weeks ended 30 January 2021
		£'m	£'m
Profit/(Loss) for the period		31.5	(89.1)
Other comprehensive profit/(loss)			
Actuarial gain/(loss) on pension schemes	19	77.2	(133.2)
Deferred tax on actuarial gain/loss on pension schemes		(20.9)	22.3
Effective portion of changes in fair value of cash flow hedges		11.5	(14.4)
Deferred tax on fair value of cash flow hedges		(2.2)	2.8
Other comprehensive profit/(loss) for the period		65.6	(122.5)
Total comprehensive profit/(loss) for the period		97.1	(211.6)

The accounting policies and notes on pages 18 to 43 form part of the financial statements.

C. & J. Clark International Limited**Statement of Financial Position****Company number 141015**

		As at 29 January 2022	As at 30 January 2021
	Notes	£'m	£'m
Fixed assets			
Intangible fixed assets	6	25.8	34.0
Tangible fixed assets	7	49.4	58.5
Investments	8	20.5	20.5
Debtors	11	-	164.1
Financial derivatives		0.4	-
		96.1	277.1
Current assets			
Inventories	10	136.6	168.5
Debtors	11	105.1	71.1
Cash at bank and in hand		70.2	46.7
Total current assets		311.9	286.3
Creditors: amounts falling due within one year	12	(402.4)	(475.5)
Net current liabilities		(90.5)	(189.2)
Net assets less current liabilities		5.6	87.9
Creditors: amounts falling due after more than one year	13	-	(85.6)
Provisions for liabilities	14	(8.3)	(12.0)
Deferred tax liability	15	(7.1)	(2.6)
Net liabilities before pension asset		(9.8)	(12.3)
Pension asset	19	120.8	26.2
Net assets including pension asset		111.0	13.9
Capital and reserves			
Called up share capital	16	18.0	18.0
Revaluation reserve	17	0.6	0.6
Profit and loss account		90.9	3.1
Cash flow hedge reserve	17	1.5	(7.8)
Shareholders' funds		111.0	13.9

DocuSigned by:

Paul Wakefield

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Paul Wakefield

Director

28 July 2022

The accounting policies and notes on pages 18 to 43 form part of the financial statements.

C. & J. Clark International Limited**Statement of Changes in Equity for the 52 weeks ended 30 January 2021**

	Called up Share Capital	Revaluation Reserve	Profit and Loss Account	Cash Flow Hedge Reserve	Total Equity
	£'m	£'m	£'m	£'m	£'m
Balance at 1 February 2020	18.0	0.6	203.1	3.8	225.5
Comprehensive gain for the period					
Loss for the period	-	-	(89.1)	-	(89.1)
Other comprehensive loss	-	-	(110.9)	(11.6)	(122.5)
Total comprehensive gain for the period	-	-	(200.0)	(11.6)	(211.6)
Dividends paid	-	-	0.0	-	-
Balance at 30 January 2021	18.0	0.6	3.1	(7.8)	13.9

Statement of Changes in Equity for the 52 weeks ended 29 January 2022

	Called up Share Capital	Revaluation Reserve	Profit and Loss Account	Cash Flow Hedge Reserve	Total Equity
	£'m	£'m	£'m	£'m	£'m
Balance at 30 January 2021	18.0	0.6	3.1	(7.8)	13.9
Comprehensive loss for the period					
Profit for the period	-	-	31.5	-	31.5
Other comprehensive gain	-	-	56.3	9.3	65.6
Total comprehensive gain for the period	-	-	87.8	9.3	97.1
Dividends paid	-	-	-	-	-
Balance at 29 January 2022	18.0	0.6	90.9	1.5	111.0

The accounting policies and notes on pages 18 to 43 form part of the financial statements.

C. & J. Clark International Limited

Notes to the Financial Statements

I. a. Accounting policies

Statement of compliance

C. & J. Clark International Limited (the "Company") is a company limited by shares and incorporated and domiciled in England. The registered office is 40 High Street, Street, Somerset, BA16 0EQ.

The financial statements are prepared on the historical cost convention as modified to include the revaluation to fair value of certain financial instruments, in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) applicable in the UK and Republic of Ireland.

Basis of presentation

All amounts in the financial statements are in Pounds Sterling (£) being the Company's functional currency and rounded to the nearest £'m.

The Company is included in the consolidated financial statements of C&J (No 1) Clark Limited. The consolidated financial statements of C&J (No 1) Clark Limited are prepared in accordance with UK Generally Accepted Accounting Practice including FRS102. In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes.
- Key management personnel compensation.
- Preparing consolidated accounts.
- Related party transactions.
- Share based payments.
- Streamlined energy and carbon reporting.

Basis for preparation of financial statements on a going concern basis

Covid-19 has had an unprecedented impact on the business reducing demand in all major territories which has resulted in significant profit and liquidity challenges despite a tight management of all costs, working capital and capital expenditure. However, we have seen a positive recovery from this over recent months, as is evident from this report and accounts.

The Directors of the Company have asked for and received a letter of support from the parent company, C&J Clark (No 1) Limited, which covers the going concern period of 15 months from the date of approval of these financial statements to 31 October 2023.

The Directors have considered the ability of the parent company to stand behind that letter of support. In considering this, the Directors note that there is a material uncertainty disclosed in the accounts of C&J Clark (No 1) Limited as a result of the impact of Covid-19 and potential changes in consumer spending on the parent Company's ability to meet its banking requirements. Since those accounts were signed in May the Group has undertaken a refinancing exercise. Although this does not materially impact profitability, it does improve the available debt facility and change the applicable covenant tests. Therefore, an updated Going Concern assessment was performed for the Group post refinancing, since C&J Clark (No 1) Limited signed accounts do not disclose this. Accordingly, the Directors consider that, although there is greater liquidity headroom post the refinancing, there is still a material uncertainty in respect of the ability of the parent to stand behind the letter of support. This is due to the continuing impacts of Covid-19 on certain regions, the impact from the conflict in Ukraine and the resulting geopolitical uncertainty, and the current inflationary pressures that may have a negative effect on household discretionary spending. These may impact the ability of the parent Company's ability to meet its banking requirements.

Therefore, whilst the Directors of the Company are satisfied that it is appropriate to prepare these accounts on a going concern basis, they have concluded, as a consequence of the above, that there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)**

I. a. Accounting policies (continued)**Revenue**

The Company's revenue relates to the supply of products direct to consumer within stores, online or through third party sales concessions, and to wholesale customers. It also includes royalties from franchisees.

Revenue is recognised when the significant risks and rewards of ownership of products sold have transferred to the third party, generally in exchange for consideration in stores or based on despatch from a warehouse or specific customer delivery terms for digital and wholesale sales.

Digital sales are recognised upon collection by the end customer if delivered to store. If dispatched from a warehouse and delivered directly to a customer digital sales are recognised at the delivery date, the delivery date is an approximation based on average transit times from the warehouse to the delivery address.

Consignment sales revenue is recognised when the product is sold to the end consumer.

The following general measurement principles apply:

- Sales are recorded net of (i.e. reduced by) returns and returns provisions.
- Sales are net of (i.e. reduced by) unconditional discounts.
- Sales exclude VAT and other sales-related taxes.

Other income

Income received as rental income is accounted for on a straight-line basis net of the cost associated with the head lease rental payments made by the Company (if any) and included within administrative costs unless material.

Profit/(loss) on the sale of property are recognised on completion. Income from sales of property, plant and equipment is shown net of the residual asset value and included within administration costs.

Income from insurance recoveries is recognised once receipt of monies is virtually certain. Insurance receipts are accounted for as a net position against the costs the insurance recovery relates to, unless the insurance recoveries are received in a future period, in which case the income will be disclosed separately.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants received in relation to the Job Retention Scheme are recognised under the accrual model and are classified as a revenue-based grant. The grant income is recognised in other income on a systematic basis over the periods in which the related costs from the grant is intended to compensate.

Joint ventures

The Company has ventures over which it has joint control under a contractual arrangement, and which qualify as a joint venture under FRS 102 (Section 15). Investments in joint ventures are accounted for at cost less impairment.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)**

I. a. Accounting policies (continued)**Employee benefits**

The Company accounts for pensions under FRS 102 (section 28).

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the period-end date on AA credit rated bonds denominated in the currency of the Company and having maturity dates approximating to the terms of the Company obligations. A valuation is performed by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the Income Statement in the period in which it occurs.

Re-measurement of the net defined benefit liability/asset is recognised in Other Comprehensive Income (OCI).

The cost of the defined benefit plan is borne by the Company. The Company is responsible for determining the contributions to be paid.

Share-based payments

The Share Incentive Plan (SIP) operated by the Company was closed in the financial year 2020/21. This have been accounted for under FRS 102 (section 26).

Taxation

The tax on profit or loss for the period comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or Other Comprehensive Income (OCI), in which case the tax impact of those items is also recognised directly in equity or OCI.

The current tax payable or receivable is based on the taxable profit or loss for the period. Taxable profit or loss may differ from reported profit or loss because of items that are not taxable or due to timing differences. The Company's current tax assets and liabilities are calculated using tax rates that have been enacted by the reporting date. Current tax may also include adjustments to tax payable for previous reporting periods.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)**

I. a. Accounting policies (continued)**Taxation (continued)**

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the period-end date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairments. Such cost includes costs directly attributable to making the asset capable of operating as intended. The Company's policy is to write off the difference between the cost of each item of property, plant and equipment and its residual value over its estimated useful life on a straight-line basis. Assets under construction are not depreciated.

Reviews are made annually of the estimated remaining lives and residual values of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear. Under this policy it becomes impractical to average lives exactly. However, the total lives range from approximately 30 – 50 years for buildings, 15 – 20 years for plant and equipment, 5 – 15 years for shop-fits and office-fits and 3 – 7 years for computer hardware and other equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, for example land is treated separately from buildings.

All items of property, plant and equipment are tested for impairment where there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the Income Statement. An impairment loss recognised for all assets is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Intangible assets**Software**

Where software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Capitalised software costs include external direct costs of goods and services, as well as internal payroll related costs for employees who are directly associated with the project.

Capitalised software development costs are amortised on a straight-line basis over their expected useful lives, normally between 3 and 20 years. Computer software under development is held at cost less any recognised impairment loss. Any impairment in value is recognised within the Income Statement.

Trademarks

Acquired trademarks are initially recognised at cost and amortised on a straight-line basis over the expected useful life of 20 years.

Inventories

Inventories are valued on a weighted average cost basis and carried at the lower of cost or net realisable value. Cost includes the direct expenditure and other direct import costs incurred in bringing inventories to their present location and condition. Certain purchases of inventories may be subject to cash flow hedges for foreign exchange risk. The Company applies a basis adjustment for those purchases in a way that cost is initially established by reference to the hedged exchange rates and not the spot rate at the day of purchase.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)**

I. a. Accounting policies (continued)**Borrowing costs**

The Company has no borrowing cost with respect to the acquisition or construction of qualifying assets. Borrowing costs includes the transaction costs associated with the current borrowing facilities. These fees are amortised over the term of the facility and reported against long term loans. All other borrowing costs are recognised in the Income Statement as incurred.

Leases

Rentals payable under operating leases are recognised in the Income Statement on a straight-line basis over the lease term. The value of any lease incentive received upon taking up an operating lease (for example a rent free period or capital contribution) are released to the Income Statement over the lease term, except where the incentive was received before 31 January 2014, in which case, in line with the exemption contained in FRS 102 (section 35) for first time adopters of FRS 102, the incentive is taken to the break point of the lease.

Reduction in rentals payable under the terms of the CVA are recognised in the period the reduction relates to. Rentals are deferred following government guidance at the start of the first UK lockdown which were subsequently compromised under the terms of the CVA were recognised upon approval of the CVA.

Investments in subsidiaries

A subsidiary is an entity controlled directly or indirectly by C. & J. Clark International Limited. Control is regarded as the exposure or rights to the variable returns of the entity when combined with the power to affect those returns.

Investments in subsidiaries are held at historical cost less provisions for impairment.

Trade and other payables and receivables

Trade and other payables and receivables with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement in other operating expenses.

Financial instruments

The Company's financial instruments include interests in leases, trade and other receivables and trade and other payables.

The Company's other financial instruments comprise:

- cash and cash equivalents;
- bank and other borrowings, and
- derivatives.

Cash and cash equivalents

Cash and cash equivalents comprise cash in-hand, current balances with banks and similar institutions and highly liquid investments which are readily convertible into known amounts of cash and are held at amortised cost.

Bank and other borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivatives

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange rates. The Company also uses interest rate swaps to adjust interest rate exposures. In both cases where the derivatives used are not designated as hedges, they are measured at fair value through the Income Statement.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)**

I. a. Accounting policies (continued)**Cash flow hedges**

Derivative financial instruments and hedging derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered in to and then subsequently measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Income Statement, except where derivatives qualify for hedge accounting, in which case recognition of any resultant gain or loss depends on the recognition of item being hedged.

Where the hedged risk is the cash flow risk in a firm commitment or a highly probable forecast transaction, the Company recognises the effective part of any gain or loss on the derivative financial instrument in OCI. Any ineffective portion of the hedge is recognised immediately in the Income Statement.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value of interest rate swap contracts are determined by calculating the present value of the estimated future cash flows based on observable yield curves.

The hedging gains or losses recognised in OCI are reclassified to the Income Statement when the hedged item is recognised or when the hedging relationship ends.

Foreign currency

Foreign currency transactions, being transactions denominated in a currency other than the Company's functional currency, are translated at the weekly average foreign exchange rates, which approximates to actual rates. Where a material transaction occurs, the spot rate is used or a hedged rate of exchange, if the transaction is expressly hedged by a derivative financial instrument and that hedge had been deemed effective.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, or measured at the hedged rates where the non-monetary transaction was originally hedged by a derivative financial instrument and that hedge has been deemed effective.

Foreign exchange differences arising on translation are recognised in the Income Statement except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to OCI.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)**

I. b. Critical judgements and estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the date of the financial statements and the amounts reported for revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

The following items are considered the key sources of estimation uncertainty:

Revenue recognition

Accruals for sales returns for all channels are based on historical trends, confirmed returns authorisations or contractual obligations. Estimated provision for unconditional rebates and other wholesale customer deductions are based on historical trends, contractual obligations or aged deductions on receivables ledgers.

Impairments

Assets are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carry amount may not be recoverable. When an asset review is conducted the recoverable amount is determined based on value in use calculations. This method requires the Company to determine the period over which to assess future cashflows, the value of the cash flows and their growth, nature and value of overhead to allocate to the cash generating unit and the discount rate assumptions.

Inventory provisioning

Inventory provisions are recognised where the net realisable value from the sale of inventory is estimated to be lower than its carrying value, requiring estimation of the expected future sale price. The estimation includes judgement and estimate on a number of factors including historic sales patterns, expected sales profiles potential obsolescence and shrinkage.

Onerous lease provisions

Provisions relating to onerous leases are reviewed in tandem with the impairment review of property, plant and equipment. This requires the Company to determine, the value of the cash flows, the growth rates of cashflows, the unavoidable costs associated with the lease and the discount rate assumptions.

Post-retirement benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****1. b. Critical judgements and estimates (continued)**

The following items are considered key accounting judgements:

Operating lease commitments

The Company enters leases as a lessee from which it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Post balance sheet events

The Company considers the impact of events occurring after the year end and assess if any adjustment needs to be made to the number reported for the financial year. When making its assessment the Company reviews all key judgements.

Deferred tax

Management estimation is required to determine the amount of deferred tax that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

2. Analysis of turnover

The turnover of the Company derives from its activities in the shoe trade.

The geographical source of turnover is principally the UK and ROI and the turnover by ultimate geographical market is:

	2022 £'m	2021 £'m
UK and ROI	325.5	277.6
Americas	-	0.1
Europe	118.3	102.6
Asia Pacific	68.1	30.0
Group items	-	(2.4)
	511.9	407.9

Included within turnover is £7.4m (2021: £5.5m) of royalty income.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****3. Operating loss****a. Other costs charged/(credited) in arriving at operating loss includes:**

	2022 £'m	2021 £'m
Amortisation of intangible assets	11.7	9.5
Depreciation of owned assets	9.7	13.8
Net impairment of tangible and intangible assets	0.2	8.1
Impairment of investments	5.0	0.6
Operating lease rentals		
- land and buildings	22.0	22.7
- plant and equipment	0.3	0.3
Auditor's remuneration		
- audit of these financial statements	0.6	0.6
Operating lease rental income		
- land and buildings	(0.2)	(0.6)

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, C&J Clark (No 1) Limited.

b. Average number of full-time and part-time employees:

	2022 Number	2021 Number
Sales and distribution	4,166	4,999
Administration	586	819
	4,752	5,818

The average number of employees has been calculated on a monthly weighted average. The total number of employees at period end was 4,306 (2021: 4,189).

c. Employment costs:

	2022 £'m	2021 £'m
Wages and salaries	80.0	102.7
Social security costs	7.8	7.5
Pension current service cost – defined benefit schemes (see note 19)	0.7	0.1
Pension contributions – defined contribution scheme (see note 19)	6.6	10.3
	95.1	120.6

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****3. Operating loss****d. Aggregate emoluments of the directors:**

	2022 £'m	2021 £'m
Directors' services		
- salaries and benefits in respect of qualifying services	1.3	1.9

Directors of C&J Clark (No 1) Limited are remunerated through C. & J. International Limited and are included in the above. The emoluments of the highest paid director totalled £0.6m (2021: £1.2m).

e. Other income

Included within other income is £21.5m in relation to intercompany royalty income (2021: £8.2m).

In addition to this, the Company received Government grants during the period in the form of the Coronavirus Job Retention Scheme ("CJRS"), a scheme put in place to help UK businesses through the ongoing COVID-19 situation. Under the CJRS, grant income may be claimed in respect of certain costs to the Company of furloughed employees. During the period the Company claimed £4.7m (2021: £16.4m) through this scheme. During the year, the UK government also introduced support for retail businesses in the form of business rates relief, the Group claimed £7.0m during the year (2021: nil).

4. Interest receivable and payable**a. Interest receivable and other similar income**

	2022 £'m	2021 £'m
Interest receivable	0.1	4.3
Net interest income on pension scheme (see note 19)	0.5	2.7
	0.6	7.0

b. Interest payable and other similar charges

	2022 £'m	2021 £'m
Interest payable	(11.2)	(9.1)
Fair value of non-hedge accounted derivatives	(0.9)	(1.0)
	(12.1)	(10.1)

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****5. Taxation****a. Analysis of charge in the period:**

	2022	2021
	£'m	£'m
Current taxation:		
UK corporation tax at 19.0% (2021: 19.0%)	0.1	0.1
Overseas taxation on income for the period	0.7	0.1
Adjustments in respect of prior periods	(1.0)	0.0
Total current taxation	(0.2)	0.2
Movement in deferred taxation:		
Effective change in tax rate	(1.6)	(0.5)
Adjustments in respect of prior periods	-	(0.1)
Other origination and reversal of timing differences	(17.0)	3.9
Total deferred tax (see note 15)	(18.6)	3.3
Taxation on profit/(loss) on ordinary activities	(18.8)	3.5

b. Factors affecting tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK, which is 19.0% (2021: 19.0%). The differences are explained below:

	2022	2021
	£'m	£'m
Profit/(Loss) before tax	12.7	(85.6)
At the average standard rate of Corporation Tax for the period in the UK of 19.0% (2021: 19.0%)	2.4	(16.3)
Depreciation on items not qualifying for capital allowances	0.2	0.3
Deferred tax rate differential	(0.5)	-
Adjustments in respect of prior periods	(1.0)	(0.1)
Non-deductible impairment of investments	1.0	0.1
Intra-group transfer pricing adjustment	0.5	-
Tax on-unremitted earnings	0.2	0.4
Movements in deferred tax	(21.5)	19.5
Other	(0.1)	(0.4)
Total tax (see note 5(a))	(18.8)	3.5

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****5. Taxation (continued)****b. Factors affecting tax charge (continued)**

It was substantively enacted on 17 March 2020 that the UK corporate tax rate would remain at 19% from 1 April 2020. An increase in the UK corporate tax rate to 25% effective from 1 April 2023 was substantively enacted on 24 May 2021. Accordingly, UK deferred tax has been provided and recognised at the rates applicable when the timing differences are expected to reverse.

6. Intangible fixed assets

	Trademark	Software Costs	Total
	£'m	£'m	£'m
Cost:			
At 30 January 2021	0.7	102.5	103.2
Capital expenditure	-	2.8	2.8
Disposals	-	(0.3)	(0.3)
Transfers	-	1.0	1.0
At 29 January 2022	0.7	106.0	106.7
Amortisation:			
At 30 January 2021	0.5	68.7	69.2
Charge for the period	0.1	11.6	11.7
Disposals	-	0.0	0.0
At 29 January 2022	0.6	80.3	80.9
Net book value:			
At 29 January 2022	0.1	25.7	25.8
At 30 January 2021	0.2	33.8	34.0

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****7. Tangible fixed assets**

	Land & Buildings	Plant & Equipment	Total
	£'m	£'m	£'m
Cost:			
At 30 January 2021	56.6	217.3	273.9
Capital expenditure	0.6	1.7	2.3
Disposals	(0.3)	(4.6)	(4.9)
Transfers	0.0	(1.1)	(1.1)
At 29 January 2022	56.9	213.3	270.2
Depreciation:			
At 30 January 2021	21.8	193.6	215.4
Charge for the period	1.7	8.0	9.7
Impairment	0.0	0.2	0.2
Disposals	(0.2)	(4.3)	(4.5)
At 29 January 2022	23.3	197.5	220.8
Net book value:			
At 29 January 2022	33.6	15.8	49.4
At 30 January 2021	34.8	23.7	58.5

Impairment loss and subsequent reversal

During the year impairment losses of £0.3m (2021: £0.6m) have been subsequently reversed within administrative expenses in the Income Statement as a result of retail stores previously impaired returning to profitability. Additional impairments of £0.2m (2021: £8.7m) have been recorded within administrative expenses as a result of new retail stores becoming impaired.

Land and buildings

The net book value of land and buildings comprises:

	2022	2021
	£'m	£'m
Freehold	29.7	30.6
Long leasehold	2.2	2.3
Short leasehold	1.7	1.9
	33.6	34.8

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****8. Investments**

	Total £'m
Cost:	
At 30 January 2021	45.4
Additions	5.0
At 29 January 2022	50.4
Provision for impairment:	
At 30 January 2021	24.9
Impaired during the period	5.0
At 29 January 2022	29.9
Net book value:	
At 29 January 2022	20.5
At 30 January 2021	20.5

During the year capital injections of £5.0m were made to the joint venture, Clarks Reliance Footwear Private Limited, this was subsequently impaired at the year end. The impairment has been recognised within admin expenses.

9. Shares in Group undertakings

Companies Act 2006 requires that the address of the registered office for all undertakings be included in the Annual Report. The registered offices have been cross referenced to the footnote below the table.

The Company holds the following investments of the Group:

Name of company		Country of Incorporation	Proportion held by Company
Subsidiaries:			
Hallco 367 Limited	1	England	100%
Clarks Dongguan Footwear Services Company Limited	2	China	100%
Clarks India Services Private Limited	3	India	100%
C&J Clark Latin America, Inc.	4	USA	100%
Clarks Americas Canada Retail Limited	5	Canada	100%
C. & J. Clark Canada Limited	5	Canada	100%
C&J Clark Hong Kong Limited	6	Hong Kong	100%
C & J Clark Pension Fund Trustees Limited	1	England	100%
Clarks Vietnam Footwear Services LLC	7	Vietnam	100%

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****9. Shares in Group undertakings (continued)**

Name of company		Country of Incorporation	Proportion held by Company
Joint ventures:			
Clarks Future Footwear Limited	8	India	50%

Registered offices:

1. 40 High Street, Street, Somerset, BA16 0EQ, United Kingdom.
2. 3A Heng Zheng Plaza, Station Road North, Yuan Wu Bian, Nancheng District, Dongguan City, Guangdong Province, China.
3. TVH Beliciaa Towers, Tower II, 9th Floor, 1st Main Road, MRC Nagar, R.A., Puram, Chennai, Tamil Nadu – 600028, India.
4. 60 Tower Road, Waltham, Massachusetts, 02451, United States of America.
5. 2881 Brighton Road, Oakville, Ontario, L6H 6C9, Canada.
6. Office 05, 18/F., Hip Kwan Commercial Building, 38 Pitt Street, Yau Ma Tei, Kowloon, Hong Kong.
7. 10th Floor, TNR Tower, 180-192 Nguyen Cong Tru Street, Nguyen Thai Binh Ward, District I, Ho Chi Minh City, Vietnam.
8. A/202, Second Floor, Fulcrum, Sahar Road, Andheri (East), Next to Hyatt Regency, Mumbai, India.

10. Inventories

	2022	2021
	£'m	£'m
Finished goods and goods for resale	136.6	168.5

Included within inventory in 2022 are below cost provisions of £4.1m (2021: £5.1m).

11. Debtors

	2022	2021
	£'m	£'m
Trade debtors	21.8	24.3
Amounts due from Group undertakings	68.9	32.9
Other debtors	2.5	3.8
Other taxes	0.0	0.2
Prepayments and accrued income	10.1	9.7
Financial derivatives	1.8	0.2
	105.1	71.1

The inter-company receivable is due on demand.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****11. Debtors (continued)**

	2022	2021
	£'m	£'m
Amounts due from Group undertakings	-	164.10
	-	164.1

12. Creditors: amounts falling due within one year

	2022	2021
	£'m	£'m
Trade creditors	76.3	100.0
Amounts owed to Group undertakings	248.4	311.7
Corporation tax	3.0	3.0
Other taxes	3.7	0.0
Other creditors	9.8	10.5
Accruals and deferred income	60.7	40.5
Financial derivatives	0.5	9.8
	402.4	475.5

The inter-company payable is due on demand. Interest is charged at LIBOR plus 4.5% on the loan.

13. Creditors: amounts falling due after more than one year

	2022	2021
	£'m	£'m
Long-term loans	-	85.0
Other creditors	-	0.2
Financial derivatives	-	0.4
	-	85.6

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****14. Provisions for liabilities**

	At 30 January 2021	Provided in period	Released in period	Exchange rate adjustment	Utilised	At 29 January 2022
	£'m	£'m	£'m	£'m	£'m	£'m
Dilapidation provision	1.2	(0.1)	-	-	(0.2)	0.9
Onerous lease provision	7.3	1.2	(2.7)	-	(1.3)	4.5
Returns provision	3.5	3.5	(4.1)	-	-	2.9
	12.0	4.6	(6.8)	-	(1.5)	8.3

Dilapidation provision

A provision is recognised for expected costs required to restore leased properties to their original condition. It is expected that these costs will be incurred at the end of the lease agreement.

Onerous lease provision

A provision has been recognised for the unavoidable net cash losses of leased stores. The provision will be utilised in line with the forecasted cash losses.

Other

Other provisions are comprised of sales returns. Wholesale returns are agreed in advance with customers in line with contractual terms, retail and MCR returns are received in accordance with terms of sale.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****15. Deferred taxation**

	2022	2021
	£'m	£'m
Accelerated capital allowances	(6.1)	(4.4)
Short term timing differences	0.5	(1.8)
Holdover relief	6.2	4.7
Trading losses	(23.9)	(1.0)
Pension fair value and timing differences	30.4	5.1
	7.1	2.6
		2022
		£'m
Provision at start of period		2.6
Deferred taxation charge in other comprehensive income		23.1
Deferred taxation charge in the Income Statement for the period (see note 5(a))		(18.6)
Provision at end of period		7.1

16. Share capital

	2022	2021
	£'m	£'m
Authorised, issued, allotted and fully paid		
18,028,202 ordinary shares of £1 each	18.0	18.0

17. Reserves**Revaluation reserve**

The reserve records when the value of an asset becomes greater than that it was held at previously on the balance sheet.

Cash flow hedge reserve

The reserve arises from the adoption of cash flow hedge accounting in relation to the companies exchange rate hedging activities during the year.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****18. Financial commitments**

Commitments by the Company for capital expenditure not provided for in the financial statements were:

	2022	2021
	£'m	£'m
Contracted but not provided for	0.5	0.1

Annual commitments by the Company in respect of non-cancellable operating leases are:

	Land and building	Land and building	Plant and equipment	Plant and equipment
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Expiring within one year	18.5	12.4	0.1	0.1
Expiring between two and five years	48.8	42.9	0.1	0.1
Expiring after five years	36.8	52.5	-	-
	104.1	107.8	0.2	0.2

19. Pension commitments**Retirement benefits**

The Company operates two defined benefit schemes in the UK: The C&J Clark Pension Fund (the Fund) and the Clarks Flexible Pension Scheme (the Scheme). A full actuarial valuation of the Fund was carried out at 31 July 2016 and an actuarial report of the Scheme was carried out at 5 April 2015. These were updated to 30 January 2021 by a qualified independent actuary.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****19. Pension commitments (continued)**

	2022 £'m	2021 £'m
Change in benefit obligation for defined benefit sections:		
Benefit obligation at the beginning of year	1177.0	1104.9
Current service cost	-	-
Administration costs	2.1	4.4
Interest cost	16.1	17.8
Plan participants' contributions	-	-
Past service costs	0.7	0.1
Actuarial (gain)/loss	(85.4)	109.4
Liabilities (extinguished) on settlement	-	(0.3)
Benefits paid	(54.5)	(59.3)
Benefit obligation at the end of the year	1056.0	1177.0
	2022 £'m	2021 £'m
Change in plan assets for defined benefit sections:		
Fair value of plan assets at the beginning of the year	1204.1	1254.5
Expected return on plan assets	16.6	20.5
Actuarial loss	(8.2)	(23.8)
Employer contribution	19.6	12.5
Assets distributed on settlements	0.0	(0.3)
Benefits paid	(54.5)	(59.3)
Fair value of plan assets at the end of the year	1177.6	1204.1
Funded status	121.6	27.1
Unrecognised past service cost	-	-
Net amount recognised	121.6	27.1
	2022 £'m	2021 £'m
Components of pension cost:		
Current service cost – defined benefit scheme	-	-
Administration costs	2.1	4.4
Contributions – defined contribution scheme	6.6	10.3
Interest cost	16.1	17.8
Expected return on plan assets	(16.6)	(20.5)
Past service cost	0.7	0.1
Gains on curtailments and settlements	-	(0.3)
Total pension cost/(credit) recognised in the Income Statement	8.9	11.8
Actuarial (loss)/gain immediately recognised in other comprehensive income	77.2	(133.2)
Cumulative amount of actuarial (gains)/losses immediately recognised since 1 February 2005	(25.1)	52.1

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****19. Pension commitments (continued)**

	2022 £'m	2021 £'m
Movement in surplus during the period:		
Surplus in the scheme at the beginning of the year	27.1	149.6
Current service cost	-	-
Administration costs	(2.1)	(4.4)
Contributions	19.6	12.5
Past service costs/curtailments	(0.7)	(0.1)
Gains on curtailments and settlements	-	-
Net return/(interest cost) on assets	0.5	2.7
Actuarial (loss)/gain	77.2	(133.2)
Surplus in the scheme at the end of the year	121.6	27.1
Unfunded unapproved retirement benefit scheme	(0.8)	(0.9)
Pension asset at the end of the period	120.8	26.2

Plan assets:

The weighted average asset allocations at the period end were as follows:

	2022	2021
Asset category:		
Equities	0.1%	5.5%
Bonds	92.3%	81.7%
Real estate	5.1%	4.7%
Cash	2.5%	8.1%
	100.0%	100.0%
	2022 £'m	2021 £'m
Actual return on plan assets	8.4	(3.3)

Weighted average assumptions used to determine benefit obligations:

	2022	2021
Discount rate	2.20%	1.40%
Rate of increase in pensions in payment:		
- Fund	3.45%	2.95%
- Scheme	2.90%	2.25%
Rate of increase in pensions in deferment	2.90%	2.25%
Inflation assumption	3.60%	3.00%

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****19. Pension commitments (continued)****Weighted average life expectancy for mortality tables used to determine benefit obligations:**

		2022	2021
Member age 65 (current life expectancy)	- Male	22.3	22.3
	- Female	24.2	24.0
Member age 45 (life expectancy at age 65)	- Male	23.5	23.5
	- Female	26.0	25.9

Weighted average assumptions used to determine net pension cost for the period end:

		2022	2021
Discount rate		2.20%	1.40%
Expected long-term return on plan assets		2.20%	1.40%
Rate of increase in pensions in payment:	- Fund	3.45%	2.95%
	- Scheme	2.90%	2.25%
Rate of increase in pensions in deferment		2.90%	2.25%
Inflation assumption		3.60%	3.00%

Five-year history:	2022	2021	2020	2019	2018
		£'m	£'m	£'m	£'m
Benefit obligation at end of period	(1,056.0)	(1,177.0)	(1,104.9)	(1,045.3)	(1,095.3)
Fair value of plan assets at end of period	1,177.6	1,204.1	1,254.5	1,127.8	1,140.7
Surplus/(deficit) in scheme	121.6	27.1	149.6	82.5	45.4
Actual return less expected return on scheme assets	(8.2)	(23.8)	151.8	21.0	14.6
Percentage of period-end scheme assets	(0.7%)	(2.0%)	12.1%	1.9%	1.3%
Experience (losses)/gains arising on scheme liabilities	85.4	(109.4)	(97.1)	8.5	(47.9)
Percentage of period-end scheme liabilities	(8.1%)	(9.3%)	(8.8%)	0.8%	(4.4%)

Contributions

Under the current schedule of contributions, the Company expects to make contributions towards pension deficits of £12.0m (2021: £16.8m) to the UK schemes in the 52 weeks ended 28 January 2023.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****20. Financial instruments and risk management****a. Carrying amount of financial instruments**

	2022 £'m	2021 £'m
Assets measured at fair value through cash flow hedge reserve		
- Forward exchange contracts	2.2	0.2
Assets measured at amortised cost		
- Other debtors	114.0	70.7
Liabilities measured at fair value through cash flow hedge reserve		
- Forward exchange contracts	(0.5)	(10.2)
Liabilities measured at amortised cost		
- Long term loans	0.0	(85.0)
- Other creditors	(417.1)	(465.9)

During the period £1.0m of gains (2021: £1.6m of gains) were recycled from the cash flow hedge reserve to the Income Statement. The change in the fair value of financial instruments recognised through the cash flow hedge reserve in the period was a gain of £10.5m (2021: loss of £16.7m).

b. Financial instruments measured at fair value**Derivative financial instruments**

The Company does not engage in foreign currency speculation but covers its future trading requirements through use of forward exchange contracts and options. Due to short-term fluctuations in exchange rates, the year-end rates will always be different from contract rates.

Forward exchange contracts

The fair value of forward exchange contracts is based on their market price on the relevant date. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****20. Financial instruments and risk management (continued)****c. Hedge Accounting**

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur:

	1 year or less 2022 £m	1 to <2 years 2022 £m	2 to <5 years 2022 £m	5 years and over 2022 £m	Carrying amount 2022 £m	1 year or less 2021 £m	1 to <2 years 2021 £m	2 to <5 years 2021 £m	5 years and over 2021 £m	Carrying amount 2021 £m
Forward exchange contracts										
Assets	75.2	55.6	-	-	130.8	14.0	1.1	-	-	15.1
Liabilities	(18.3)	0.0	-	-	(18.3)	(229.0)	(7.7)	-	-	(236.7)
	56.9	55.6	-	-	112.5	(215.0)	(6.6)	-	-	(221.6)

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to affect profit or loss:

	1 year or less 2022 £m	1 to <2 years 2022 £m	2 to <5 years 2022 £m	5 years and over 2022 £m	Carrying amount 2022 £m	1 year or less 2021 £m	1 to <2 years 2021 £m	2 to <5 years 2021 £m	5 years and over 2021 £m	Carrying amount 2021 £m
Forward exchange contracts										
Assets	67.9	62.9	-	-	130.8	14.0	1.1	-	-	15.1
Liabilities	(18.3)	-	-	-	(18.3)	(210.3)	(26.4)	-	-	(236.7)
	49.6	62.9	-	-	112.5	(196.3)	(25.3)	-	-	(221.6)

Treasury management:**Treasury operations**

The Company's funding, liquidity, currency and interest rate risks are managed by a Treasury Committee working within a framework of policies authorised by the Board. The policies are reviewed and updated annually where necessary.

Interest rate risk

The Company is exposed to interest rate risk principally in relation to borrowings and deposits denominated in Sterling, US Dollar and the Euro. The Group's practice is to use fixed rate debt (and when appropriate, derivative contracts) to maintain an appropriate mix of fixed and floating rate borrowings to manage this risk.

Currency risk

The Treasury function manages currency exposure on the cash flows arising from the Company's trading operations by entering into forward dated FX contracts which are scheduled to mature throughout the year in line with detail forecasts of future transaction flows.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)****20. Financial instruments and risk management (continued)****d. Currency profile and interest rates at nominal value**

	Gross borrowings	Cash at bank and in hand	Net (cash)/ borrowings	Gross borrowings	Cash at bank and in hand	Net (cash)/ borrowings
	2022	2022	2022	2021	2021	2021
	£m	£m	£m	£m	£m	£m
Currency:						
Sterling	-	70.1	70.1	-	(10.1)	(10.1)
US dollar	-	(126.9)	(126.9)	-	(95.9)	(95.9)
Euro	-	(9.5)	(9.5)	-	38.4	38.4
Other	-	(3.9)	(3.9)	-	(3.6)	(3.6)
	-	(70.2)	(70.2)	-	(71.2)	(71.2)

	Gross borrowings	Cash at bank and in hand	Net (cash)/ borrowings	Gross borrowings	Cash at bank and in hand	Net (cash)/ borrowings
	2022	2022	2022	2021	2021	2021
	£m	£m	£m	£m	£m	£m
Borrowing for financing purposes:						
Sterling	-	-	-	85.00	-	85.00
	-	-	-	85.00	-	85.00

The Company's borrowing facilities are available at floating rates. This is a Revolving Credit Facility of £79.8m, interest rates are based upon LIBOR appropriate to the tenor of the loan. The interest rates are based on the UK base rate.

21. Contingent liabilities

There were no contingent liabilities at the period end (2021: £nil).

C. & J. Clark International Limited

Notes to the Financial Statements (continued)

22. Related party transactions

Transactions with C&J Clark Limited

During the year there were £0.2m of costs incurred by C. & J. Clark International Limited in relation to C&J Clark Limited, these costs were recharged to C&J Clark Limited. There is a balance due of £0.2m at 29 January 2022 which has been included in Other Debtors.

Transactions with subsidiaries

As the Company is a wholly owned subsidiary of C&J Clark (No 1) Limited, the Company has taken advantage of the exemption contain in FRS 102 Section 33.1A and has therefore not disclosed transactions or balances with wholly owned subsidiaries that form part of the Group. The consolidated financial statements of C&J Clark (No 1) Limited, within which this Company is included, can be obtained from Companies House at the address shown in note 24.

Transactions with joint ventures

During the period, the Company invested £5.0m (2021: £nil) in Clarks Future Footwear Limited, a joint venture incorporated in India. An impairment of £5.0m (2021: £nil) was recognised in the period, therefore the carrying value of the investment is £nil (2021: nil). During the period, sales to Clarks Future Footwear Limited totalled £4.6m (2021: £0.3m) and the balance due from Clarks Future Footwear Limited at 29 January 2022 was £4.6m (2021: £nil). A provision for doubtful debt of £4.8m (2021: £8.3m) has been recognised in relation to the amounts owed from the Joint Venture.

23. Events since the period end date

Ukraine Conflict

The global impact of the crisis in Ukraine is being closely monitored. Elevated energy prices will put further pressure on inflation in many countries and could impact consumer demand in key markets in addition to increasing Group costs. Due to the evolving nature of the crisis, it is not currently possible to quantify the impact on FY22/23, although it is currently not expected to be material.

All shipments to Ukraine and Russia were put on hold and debtor balances with wholesale partners in Russia and Ukraine fully provided for in February £0.5m. In July 2022 the wholesale partner in Ukraine settled the balance of the debt and the provision was released (£0.1m). Shipments to Ukraine will recommence, all debtor balances with the wholesale partner in Ukraine will be provided for in full and the situation closely monitored. The timing of the crisis means this is not considered an adjusting post balance sheet event.

Refinancing

On 21 June 2022, the Group completed a refinancing of its main banking facilities, replacing the previous Rolling Credit Facility and Pricoa indebtedness with a 5-year term Asset Based Lending Facility ("ABL") of up to \$250m. The \$250m facility is split equally between C&J Clark International Limited and C&J Clark America, Inc and is guaranteed by C&J Clark (No1) Limited and certain other entities within the Group.

Change of ultimate parent company

On 2 July 2022 Viva China Holdings Limited became the ultimate parent company of the Clarks group, when indirect subsidiary, Viva China Consumables Limited acquired 51% of the LionRock investment entity, Lionrock Capital Partners QiLE Limited.

CVA

On 11 July 2022 the final challenge to the CVA was removed. The removal of the challenge is estimated to result in a credit to the P&L of £2m. Due to the uncertainty regarding the removal of the challenge at the balance sheet date this is considered a non-adjusting event.

C. & J. Clark International Limited**Notes to the Financial Statements (continued)**

24. Ultimate parent company

The Company's immediate parent undertaking is C. & J. Clark (Holdings) Limited.

The smallest and largest undertaking for which the company is a member and for which group financial statements are prepared is C&J Clark (No 1) Limited, which is incorporated in England. Copies of its consolidated financial statements, which include the Company, are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The registered office for C&J Clark (No 1) Limited is 40 High Street, Street, Somerset BA16 0EQ.

LionRock Capital Partners QiLE Limited are owners of 51% of the issued share capital in the Clarks group. At 29 January 2022, Daniel Kar Keung TSEUNG was the ultimate beneficial owner of the Clarks group. On 2 July 2022 Viva China Holdings Limited became the ultimate parent company of the Clarks group.