

Registered number 04090249

BMB Clothing Limited
Annual Report and Financial Statements
for the year ended 3 February 2018

FRIDAY



A74RLF82

A14

27/04/2018

#363

COMPANIES HOUSE

BMB Clothing Limited

Annual report and financial statements for the year ended 3 February 2018

Contents

	Page
Strategic report for the year ended 3 February 2018	1
Directors' report for the year ended 3 February 2018	5
Independent auditors' report to the members of BMB Clothing Limited	8
Profit and loss account for the year ended 3 February 2018	10
Statement of comprehensive income for the year ended 3 February 2018	11
Balance sheet as at 3 February 2018	12
Accounting policies	13
Notes to the financial statements for the year ended 3 February 2018	19

BMB Clothing Limited

Strategic report for the year ended 3 February 2018

The Directors present their strategic report on the company for the year ended 3 February 2018.

Results and dividends

The company's profit before taxation for the financial year was £858,000 (2017: £170,000) with sales of £109,849,000 (2017: £99,491,000). Net liabilities at the year end date were £10,083,000 (2017: £8,632,000). The directors do not recommend the payment of a dividend (2017: £nil).

The smallest group of undertakings to consolidate these financial statements is Baird Group (Holdings) Limited, hereafter referred to as 'the group'.

Business review

Trading

The company experienced challenging trading conditions in the European and UK retail markets reflecting the current market trend reported by other retailers. This trend is set to continue alongside an unpredictable economic back drop and some significant increased costs including National Living Wage, the impact of the 2017 business rates revaluation and the effect of a weaker sterling. The business has assessed these risks individually in order to mitigate their impact. Retail sales grew by 6% compared to the previous year however gross margin has reduced to 37.3% (2017: 38.4%) due mainly to the devaluation of Sterling against US Dollars.

In the prior financial year a five year licence deal was signed with Marquee Brands giving the company exclusivity within the UK and Ireland for formalwear, casualwear and retail for the Ben Sherman menswear brand. This licence has subsequently been renewed in the current financial year until 2023. The company has continued to develop this brand within the UK with the appointment of a Brand Director and with the opening of stores within the outlet centres of Hatfield, Fleetwood, Dalton Park, Ashford, Doncaster, Hull and also the opening of High Street stores in Liverpool and Birmingham Bullring and the renewal of the lease at the Flagship Carnaby Street store. The company has grown and developed the Ben Sherman wholesale business and has continued to sell Ben Sherman products to a number of Marquee's global partners on a distributor basis.

In addition to the Ben Sherman store openings, three new stores have opened during the year under the fascia of Suit Direct within the outlet centres at Braintree, Hull and Wembley. The company continues to review its store and concession portfolio and has closed a number of stores and concessions in the year.

The wholesale market showed a significant improvement in turnover of £6,210,000 from the prior year (2017: improvement of £9,621,000); this was driven by the addition of the Ben Sherman brand and in particular a full year's sales to the overseas distributors.

Internet sales have remained static compared to the prior financial year at £10.5m (2017: £10.6m). The company recognises the importance of the internet in the future of the business and is investing in a new Head of E-commerce.

BMB Clothing Limited

Strategic report for the year ended 3 February 2018 (continued)

Business review (continued)

Financing

Following the refinancing of the asset based lending in the prior year, the Group have renewed the annual revolving facility of £12m with lenders QIB.

The Group repaid the first instalment of the £8m 5 year term loan in November 2017, the repayments are due bi-annually.

Key performance indicators (KPIs)

The company uses a range of performance measures to monitor and manage the business effectively. The key financial performance indicators are turnover, gross profit and margin and average stock turn.

In common with most major retailers, these KPIs are monitored regularly, by individual store and by product type. The importance of the company's electronic point of sale systems is paramount in the capture and analysis of this data. This enables the retail offer to be aligned to the local market in order to maximise gross profit. The same KPIs are used to monitor the wholesale division.

The key performance indicators for the company for the year ended 3 February 2018, with comparatives for the preceding year are set out below:

	Year ended 3 February 2018	Year ended 28 January 2017
Turnover (£m)	109.8	99.5
Gross profit (£m)	41.0	38.2
Gross margin (%)	37.3%	38.4%
Average stock turn (weeks)	20.5	22

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the general economy and retail environment in which it trades, the success of its host stores within which it trades, continuity of supply of product at acceptable margins, retention of skilled employees and increases in employment and host store costs. The company works closely with its suppliers and customers to minimise these risks. The company maintains a wide variety of brands, positioned differently in the market, to suit a wide variety of customer requirements. This allows the company to meet the needs of a diversity of customers, avoids brand conflicts, and reduces risk.

The company maintains its Human Resource strategies to support the development of people including team briefings and the performance review process across all locations. In the current financial year, the company has launched a new cultural framework across all location. This has led to tangible benefits both in terms of reduced employee turnover, improved employee retention and increased positive feedback from employees

BMB Clothing Limited

Strategic report for the year ended 3 February 2018 (continued)

Principal risks and uncertainties (continued)

The people management strategies are designed to ensure that everyone has appropriate and fair access to the support they need and there is equality of opportunity for people to learn and develop in order to improve their performance. Every employee has a one to one job chat with their manager at least twice a year to facilitate this.

In the retail division, an internal training scheme called Passport to Success was implemented in prior years, which has been recognised by the National Training Awards. This training has led to a significant decrease in labour turnover in the retail division and Passport to Success has now been rolled out to the warehouse operations in Hartlepool.

The company has recently reported its Gender Pay Report for the period 6 May 2016 to 5 April 2017 and it has been identified that the median gender pay gap across the group is 4.49% which is well below the UK national median gender pay gap of 18.1% and the retail sector median of 18.8%. The company recognises that although this is well under the national average actions have been taken to address this pay gap with a view to moving to a 50:50 balance in the 2018 report. The company will continue to monitor this and develop procedures for ensuring that the target is met.

Future outlook

The company continues to consolidate and develop its current portfolio of stores, brands and concession business. New concessions are planned in line with Debenhams' store opening programme and in line with the plans of other host store groups on both formal wear and casual wear. Growth is forecast in the group's designer outlet operations, trading under the Ben Sherman and Suit Direct fascias.

The further development of the company's internet business is a key element of its growth strategy. Following the establishment of a dedicated internet business service in prior years, this area of the business has demonstrated high levels of growth and is trading in line with expectations. This is expected to continue into future years with the appointment of a dedicated Head of E-commerce and is targeted to reach 25% of retail turnover.

The company will also continue to provide a supply service to the increasing number of other global Ben Sherman Distributors/Licencees as they are recruited by Marquee Brands. This will ensure consistency of quality and design for the brand.

The company sources the majority of its products from outside of the UK, therefore the uncertainty generated by Brexit will be monitored carefully and appropriate actions taken. The impact of a weaker Sterling had an impact in the current financial year however future periods looks to be more optimistic.

The company is taking action to ensure compliance under EU General Data Protection Regulation (GDPR) by setting up a GDPR working group, appointing a Data Compliance Officer and performing a data audit and data mapping of all personal information before this comes into effect in May 2018.

Finally, the current Chief Financial Officer (CFO), J M Norcliffe, is due to resign from his post on 27 April 2018 due to retirement and a new CFO will be appointed to the Board of Directors. The company would like to take this opportunity to thank J M Norcliffe for his contribution to the business over the last few years and looks forward to the new opportunities a new CFO will bring.

BMB Clothing Limited

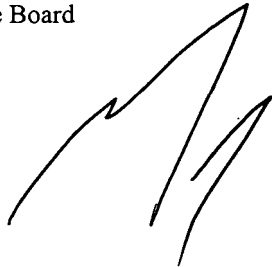
Strategic report for the year ended 3 February 2018 (continued)

Financial risk management and policies

The company's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, credit risk, liquidity risk and interest rate risk. The company manages these risks and seeks to limit the adverse effects on the financial performance of the company. Exchange risks are controlled by monitoring levels of currency requirements and, where risks are considered material, rates are protected using foreign exchange forward contracts. Credit risks are controlled through a credit assessment procedure on all new customers and the close monitoring of payments by existing customers. Liquidity risks are controlled by a policy of balancing payment terms with stock holding and debtor terms where applicable and regular forecasting is undertaken to establish the future adequacy of its finance facilities.

The company continues to monitor the future effects of rate changes and to date these risks have not been considered material and no specific actions have been taken. The company has a risk management assessment programme which seeks to identify and address major commercial and financial risks.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Mark Cotter', written over a horizontal line.

Mark Cotter
Director
24 April 2018

BMB Clothing Limited

Directors' report for the year ended 3 February 2018

The directors present their annual report and the audited financial statements of the company for the year ended 3 February 2018.

Principal activities

The company's principal activity is as a retailer and wholesaler of men's formal and casual clothing, operating from concession and store locations within the UK, Europe and Bermuda. The results of all of these operations are incorporated within these financial statements.

Future developments

Future developments for the group are discussed within the Strategic Report.

Results and dividends

The company's profit before taxation for the financial year was £858,000 (2017: £170,000) with sales of £109,849,000 (2017: £99,491,000). Net liabilities at the year end date were £10,083,000 (2017: £8,632,000). The directors do not recommend the payment of a dividend (2017: £nil).

Financial instruments

Forward contracts are entered into up to 12 months in advance to minimise the exposure of the group to exchange rate fluctuations. The financial risk management policies of the company are discussed within the strategic report.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are given below:

Mark Cotter

John M Norcliffe

Mohamed Talaat Mohamed Khalifa

Mohamed Ahmed Elsayed Morsy

Hala Hashem

Employees

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

BMB Clothing Limited

Directors' report for the year ended 3 February 2018 (continued)

Employees involvement

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its future performance. The company encourages the involvement of employee's by means of regular update meetings and communication to the retail teams through 'team talk', via a weekly intranet update for all Head Office staff and via Employee Representative meetings covering all the different sites making up the group.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial 53 week period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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.

The directors are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have 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 auditors are aware of that information.

BMB Clothing Limited

Directors' report for the year ended 3 February 2018 (continued)

Going concern

The company has net liabilities of £10,083,000 (2017: £8,632,000) however, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Al Arafa for Investments and Consultancies SAE ('Arafa'), a company incorporated in Egypt. The directors have received written confirmation that Arafa intend to support the company for at least one year from the date these financial statements are signed.

Directors' indemnities

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

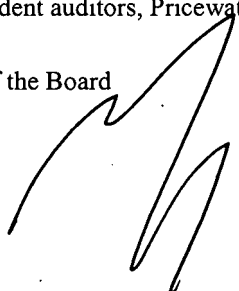
Disclosure of information to auditors

The directors are also required to provide the company's auditors with all relevant audit information to enable them to complete their audit. So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

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

On behalf of the Board



Mark Cotter
Director

24 April 2018

BMB Clothing Limited

Independent auditors' report to the members of BMB Clothing Limited

Report on the financial statements

Opinion

In our opinion, BMB Clothing Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 3 February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 3 February 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

BMB Clothing Limited

Independent auditors' report to the members of BMB Clothing Limited (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 3 February 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

24 April 2018

BMB Clothing Limited

Profit and loss account for the year ended 3 February 2018

		Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
	Note		
Turnover	1	109,849	99,491
Cost of sales		(68,834)	(61,282)
Gross profit		41,015	38,209
Distribution costs		(32,701)	(29,485)
Non exceptional administrative expenses		(6,376)	(7,048)
Exceptional administrative expenses	7	-	(860)
Administrative expenses		(6,376)	(7,908)
Other operating income		166	50
Operating profit	2	2,104	866
Interest payable and similar expenses	6	(1,267)	(763)
Interest income		21	67
Profit before taxation		858	170
Tax on profit	8	15	(166)
Profit for the financial year	19	873	4

All items dealt with in arriving at operating profit above relate to continuing operations.

BMB Clothing Limited

Statement of comprehensive income for the year ended 3 February 2018

	Note	Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
Profit for the financial year		873	4
Actuarial loss/(gain) recognised in the pension scheme	14	2,342	(156)
(Restriction)/gain of surplus pension asset that can be recognised	14	(2,914)	24
Movement on deferred tax relating to pension surplus	18	112	26
Movement on deferred tax relating to cash flow hedge reserve	18	373	-
Reclassification of hedging instrument to profit and loss account	20	(276)	(76)
Change in value of hedging instrument	20	(1,961)	-
Total comprehensive expense for the year		(1,451)	(178)

Statement of changes in equity for the year ended 3 February 2018

	Called up share capital £'000	Cash flow hedge reserve £'000	Accumulated losses £'000	Shareholders' deficit £'000
Balance at 31 January 2016	-	352	(8,806)	(8,454)
Profit for the financial year	-	-	4	4
Other comprehensive expense	-	(76)	(106)	(182)
Total comprehensive expense for the year	-	(76)	(102)	(178)
Balance at 28 January 2017	-	276	(8,908)	(8,632)
Profit for the financial year	-	-	873	873
Other comprehensive expense	-	(1,864)	(460)	(2,324)
Total comprehensive (expense)/income for the year	-	(1,864)	413	(1,451)
Balance at 3 February 2018	-	(1,588)	(8,495)	(10,083)

BMB Clothing Limited

Balance sheet as at 3 February 2018

	Note	3 February 2018 £'000	28 January 2017 £'000
Fixed assets			
Intangible assets	9	11,098	7,838
Tangible assets	10	3,412	3,253
Investments	11	1,026	1,026
		15,536	12,117
Current assets			
Stocks	12	27,122	25,921
Debtors	13	21,987	21,939
Cash at bank and in hand		1,787	2,526
Post-employment benefits	14	300	401
		51,196	50,386
Creditors amounts falling due within one year	15	(52,544)	(51,482)
Net current liabilities		(1,348)	(1,096)
Total assets less current liabilities		14,188	11,021
Creditors amounts falling due after more than one year	16	(24,138)	(19,950)
Provisions for liabilities	18	(133)	(104)
Net liabilities		(10,083)	(8,632)
Capital and reserves			
Called up share capital	20	-	-
Cash flow hedge reserve	21	(1,588)	276
Accumulated losses	21	(8,495)	(8,908)
Shareholders' deficit		(10,083)	(8,632)

The notes of pages 19 to 38 are an integral part of these financial statements.

The financial statements on pages 10 to 38 were approved by the board of directors on 24 April 2018 and were signed on its behalf by:

Mark Cotter
Director

BMB Clothing Limited
Registered number 04090249

BMB Clothing Limited

Accounting policies

Basis of accounting

These financial statements have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

The company is a private company limited by shares and incorporated and domiciled in England. The address of the registered office is Granary Building, 1 Canal Wharf, Leeds, West Yorkshire, LS11 5BB, England, UK.

The principal accounting policies, applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The Company has taken advantage of the exemptions in its individual financial statements from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a) (iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures.

Going concern

The company has net liabilities of £10,083,000 (2017: £8,632,000) however, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Al Arafa for Investments and Consultancies SAE ('Arafa'), a company incorporated in Egypt. The directors have received written confirmation that Arafa intend to support the company for at least one year from the date these financial statements are signed.

Cash flow statement

The company is a wholly owned subsidiary of Baird Group (Holdings) Limited and is included in the consolidated financial statements of Baird Group (Holdings) Limited, which are publicly available. Consequently the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Baird Group (Holdings) Limited, includes the company's cash flows in its own consolidated financial statements.

Consolidated financial statements

The company is wholly owned subsidiary of Baird Group (Holdings) Limited. It is included within the financial statements of Baird Group (Holdings) Limited which are publically available. Therefore, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are the company's separate financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost, together with any incidental expenses of acquisition, less accumulated depreciation.

BMB Clothing Limited

Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

At each balance sheet date, the Company reviews the carrying value of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Short leasehold properties	10 years or over the lease term
Plant and machinery	4 to 10 years
Fixtures and fittings	3 to 10 years

The Company considers individual store to be one cash generating unit for the purposes of impairment calculations and the related assets of a particular store are reviewed each balance sheet date to determine if there is any indication of impairment.

Recoverable amount is the higher of the fair value of the assets less costs to sell and the value in use. In assessing the value in use of a store cash generating unit, the estimated future cash flows are discounted to their present value.

If the recoverable amount is estimated to be less than the carrying amount, the carrying amount of the store cash generating unit is reduced to the recoverable amount. An impairment loss is recognised as an expense immediately in the profit and loss account in the financial year in which it arises.

Goodwill

Goodwill arising on acquisition of subsidiary undertakings and businesses is included in fixed assets and represents the difference between the fair value of the assets acquired and the fair value of the consideration given plus associated acquisition costs. Goodwill is capitalised and amortised through the profit and loss over its useful life which is normally up to 20 years.

Goodwill is reviewed for impairment at the end of the first full year after acquisition and in other years if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment assessed is charged to the profit and loss account.

Business combinations

Business combinations are accounted for by applying the purchase method.

On acquisition of a business, fair values are attributed to the identifiable assets, customer relationships and licence agreements. Where the cost of the business combination exceeds the fair value of the groups interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The group, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and releases this to profit and loss, up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the period expected to benefit.

Goodwill is amortised over its expected useful life. Where the group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

BMB Clothing Limited

Accounting policies (continued)

Intangible assets and amortisation

Purchased intangible assets are capitalised at original purchase cost, together with any incidental expenses of acquisition. These assets are amortised through the profit and loss account over the shorter of 10 years and the useful economic life. For details of the impairment assessment, refer to tangible fixed assets and depreciation accounting policy above.

Investments in subsidiary undertakings

The cost of investments in subsidiary undertakings is recorded as cash paid and any further costs connected with the acquisition. Provision is made where necessary to reduce the carrying value of an investment to its estimated recoverable amount where in the opinion of the directors there has been impairment.

Foreign currencies

The company's functional and presentation currency is the pound sterling. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currency are translated at the agreed contractual rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Leases

Leasing agreements and hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset ("finance leases") are treated as if the asset had been purchased outright. Assets held under such agreements are included in fixed assets and the capital element of commitments is shown as obligations under finance leases. Payments under such agreements are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account over the primary lease period in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

All other leases are treated as operating leases, the costs of which are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a FIFO basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Net realisable value is based on estimated selling price less further costs to be incurred to completion and disposal. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Pensions

The company operates a defined benefit pension scheme for the benefit of certain of its employees, the assets of which are held separately from those of the company in independently administered funds. The fund is valued every three years by a professionally qualified actuary, the rates of contribution being determined by the actuary.

A credit representing the expected return on the assets of the scheme during the year is included within other finance income. This is based on the market value of the assets of the scheme at the start of the financial year. A charge within other finance charges represents the expected increase in liabilities of the scheme during the year. This arises from the liabilities of the scheme being one year closer to payment.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax. Differences between actual and expected returns on assets are recognised in the statement of total comprehensive income in the year, together with differences arising from changes in assumptions and experience gains and losses.

BMB Clothing Limited

Accounting policies (continued)

Pensions (continued)

Where a surplus in the pension arises, this is limited as appropriate in line with FRS 102 by considering the realisable amount, being which the employer could use to generate future economic benefits. The surplus is limited in the balance sheet and the actuarial gains are reduced in the statement of comprehensive income in the year as appropriate.

The group also operates a defined contribution pension scheme which employees are eligible to join after completing three months service. The costs relating to this scheme are charged to the profit and loss account as they fall due.

Contributions are also made to the personal pension plans of certain employees. The expenditure is charged to the profit and loss account as incurred.

Pension contributions are paid by the company on behalf of other companies within the group.

Post-retirement benefits

The company provides no other post-retirement benefits to its employees.

Revenue recognition

Turnover comprises the value of goods and services supplied to third parties, before concession fees and excluding value added tax and trade discounts and commissions and other amounts receivable in return for performance under contractual arrangements. The group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that the future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the group's sales channels have been met, as described below.

(i) Sale of goods – retail

The group operated retail shops for the sale of a range of branded products. Sales of goods are recognised on sale to the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or payment card. Sales are made to retail customers with a right to return within 28 days, subject to certain conditions regarding usage. Accumulated experience is used to estimate and provide for such returns at the point of sale

(ii) Sale of goods – internet

The group sells goods via its websites for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory is passed to the customer, this is the point of despatch of goods from the warehouse. Transactions are settled by credit card, payment card or PayPal.

(iii) Sale of goods – concessions

The group has entered into a number of concession agreements with various high street stores, the group receives a fixed percentage based on the concessions revenue, the revenue is recognised on an accruals basis.

(iv) Income from licensee's

Certain brands and product categories have been licenced to third parties. Fees are charged for the use of the rights granted by the agreement and are recognised as the rights are used

(v) Sale of goods – Wholesale

For wholesale sales turnover is recognised once the title of the relevant goods has passed. Certain wholesale sales are made under retention of title until the payment is passed.

BMB Clothing Limited

Accounting policies (continued)

Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the profit and loss account on a straight line basis over the term of the borrowings.

Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying current economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted where necessary to represent the best current estimate.

Taxation and deferred taxation

The charge for taxation is based on the results for the financial year. Deferred taxation has been recognised as a liability or asset if transactions have occurred by the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Financial instruments

The company uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates. The instruments are used to hedge future exposures (e.g. forward currency contracts) and these are disclosed in the financial statements. For those that relate to current exposures the underlying exposure (e.g. trade creditor liability) is accounted for at the contract rate. Changes in the fair values of the derivatives are recognised directly in equity through the cash flow hedge reserve. It is recycled to the profit and loss account when the hedge relationship expires.

Other operating income

Other operating income comprises commission and compensation receivable, supplier fines receivable, royalties' receivable and income from the sale of brands.

Royalty payable

Royalty payable comprises amounts paid and due to licensors in line with any contracted licence agreements in place for brands used within the group.

BMB Clothing Limited

Accounting policies (continued)

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- (i) *Fair values on acquisition of the licence for Ben Sherman*
The fair value of tangible and intangible assets acquired on the acquisition of the Ben Sherman licence involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of the fair values requires the combination of assumptions including revenue growth, sales mix and volumes and customer attrition rates. In addition the use of discount rates required judgement.
- (ii) *Impairment calculations*
The company considers whether non-current assets on the balance sheet are impaired. Where an indication of impairment is identified the estimation of recoverable values requires estimation of the recoverable value of the cash generating units. This requires estimation of the future cash flows from the cash generating units and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. There has been no impairment charge recognised during the year (2017: no charge) in relation to loss making stores.
- (iii) *Provisions*
Provision is made for dilapidations. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements.

Management reviews the store portfolio for onerous property lease contracts where the company believes that the unavoidable costs of meeting the lease obligations exceed the economic benefits until the end of the lease. These provisions are based on management's best estimate of the liability at the balance sheet date, the actual liability being dependant on future events such as economic conditions and marketplace demand. There has been no provision expense recognised in this financial year in relation to loss making stores (2017: no expense).

Provision is made for inventory. Net realisable value is the selling price of inventory in the ordinary course of business less estimated selling costs. Provision is made for the estimated obsolescence of old seasons' lines based on historical margin trends. The provision as at the year end was £1,434,000 (2017: £1,583,000).
- (iv) *Defined benefit pension scheme (Note 14)*
The company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018

1 Turnover

	Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
Geographical analysis of turnover by destination		
United Kingdom	99,026	88,118
Rest of Europe	6,908	7,295
North America	1,329	1,735
Rest of the World	2,586	2,343
	109,849	99,491

	Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
Business activity analysis		
Retail	74,550	70,296
Internet	10,536	10,642
Wholesale	24,763	18,553
	109,849	99,491

Analyses by business activity are based on the group's management structure. Geographical analysis is based on the country in which the customer is located.

Net assets and net profit per segment have not been disclosed in the financial statements as the company utilises the same assets and cost base for all business and geographic segments.

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

2 Operating profit

	Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible assets (note 10)		
- owned assets	1,346	1,428
Amortisation of goodwill (note 9)	175	175
Amortisation of other intangible assets (note 9)	2,146	2,146
Amortisation of negative goodwill (note 9)	(552)	(1,431)
Operating lease charges	5,637	4,975
Loss on disposal of fixed assets	31	53
Impairment of trade receivables	18	39
Royalty income	(134)	(132)
Royalty payable	2,670	1,521
Foreign exchange (gain)/loss	(457)	1,408
Services provided by the company's auditors		
- fees payable for the audit	87	105
- fees payable for other services	10	40

BMB Clothing Limited

Notes to the Financial Statements for the year ended 3 February 2018 (continued)

3 Directors' emoluments

	Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
Aggregate emoluments	440	484
Company contributions to money purchase pension schemes	32	32
	472	516

Two directors (2017: two) have retirement benefits accruing under a money purchase pension scheme.

Highest paid director	Year ended 3 February 2018 £'000	Year Ended 28 January 2017 £'000
Aggregate emoluments	325	358
Company contributions to money purchase pension schemes	26	26
	351	384

4 Employee costs

	Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
Wages and salaries	18,572	17,756
Social security costs	1,595	1,418
Other pension costs	235	238
	20,402	19,412

BMB Clothing Limited

Notes to the Financial Statements for the year ended 3 February 2018 (continued)

5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity:	Year ended 3 February 2018 Number	Year ended 28 January 2017 Number
Production	6	8
Selling and Distribution	846	840
Administration	108	100
	960	948

6 Interest payable and similar expenses

	Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
Interest payable on bank loans and overdrafts	1,253	326
Debt administration costs	-	437
Other interest payable	14	-
Total interest payable and similar expenses	1,267	763

7 Exceptional administrative expenses

	Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
Administration expenses	-	860
Total exceptional administrative expenses	-	860

Exceptional items of £nil (2017: £860,000) of administration costs arose in the prior year in respect of one-off parallel running and set-up costs from the acquisition of the Ben Sherman Licence. These costs would not be expected to repeat in future years.

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

8 Tax on profit

The taxation (credit)/charge based on the profit before taxation comprises:

	Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
Current tax:		
Corporation tax charge for the year	3	-
Total current tax charge	3	-
Deferred tax:		
Origination and reversal of timing differences	110	(119)
Utilisation of losses brought forward	52	209
Pension cost relief	74	76
Adjustments in respect of previous years	(254)	-
Total deferred tax (note 18)	(18)	166
Tax (credit)/charge on profit	(15)	166

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

8 Tax on profit (continued)

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK (19.2%) (2017: 20%). The differences are explained below.

	Year ended 3 February 2018 £'000	Year ended 28 January 2017 £'000
Profit before taxation	858	170
Profit multiplied by the standard rate of tax in the UK of 19.2% (2017: 20%)	164	34
Effects of:		
Expenses not deductible for tax purposes	85	423
Pension cost relief in excess of pension charge	-	(77)
Capital allowances less than depreciation	-	(169)
Utilisation of tax losses	-	(211)
Impact of change in rate	(10)	-
Adjustments in respect of previous years – deferred tax	(326)	-
Adjustments in respect of previous years – impact of change in rate on deferred tax	72	-
Total tax (credit)/charge for the year	(15)	-

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

9 Intangible assets

	Brand Trade Marks, Licences & Customer Relationships	Goodwill	Negative Goodwill	Total
	£'000	£'000	£'000	£'000
Cost				
At 29 January 2017	10,953	3,037	(3,407)	10,583
Additions	5,029	-	-	5,029
Disposals	(41)	-	-	(41)
At 3 February 2018	15,941	3,037	(3,407)	15,571
Accumulated amortisation				
At 29 January 2017	2,539	1,637	(1,431)	2,745
Charge for the year	2,146	175	(552)	1,769
Disposals	(41)	-	-	(41)
At 3 February 2018	4,644	1,812	(1,983)	4,473
Net book amount				
At 3 February 2018	11,297	1,225	(1,424)	11,098
At 28 January 2017	8,414	1,400	(1,976)	7,838

The directors' believe that the carrying value of the intangible assets is supported by their future trading plans.

As part of signing the Ben Sherman licence deal on 1 February 2016, the net book value of the assets acquired exceeded the value of the cash consideration which created negative goodwill. The negative goodwill is being amortised over the life of the licence.

The license addition recognised on 7 July 2017 was the extension of the Ben Sherman License to 2023.

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

10 Tangible assets

	Short leasehold properties	Plant and machinery	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 29 January 2017	799	1,704	9,477	11,980
Additions	-	138	1,397	1,535
Disposals	(1)	(9)	(215)	(225)
At 3 February 2018	798	1,833	10,659	13,290
Accumulated depreciation				
At 29 January 2017	690	1,246	6,791	8,727
Charge for the year	49	198	1,099	1,346
Disposals	(1)	(9)	(185)	(195)
At 3 February 2018	738	1,435	7,705	9,878
Net book amount				
At 3 February 2018	60	398	2,954	3,412
At 28 January 2017	109	458	2,686	3,253

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

11 Investments

Fixed asset investments

	Principal activity	Registered Office	Country of incorporation and operation	Percentage owned	3 February 2018 £'000	28 January 2017 £'000
Subsidiary companies						
Investment in common stock of Alexandre London Inc	Concession retailer	4500 Main Street, Suite 620, Virginia Beach, VA23462	USA	100%	1,016	1,016
Investment in 10,000 £1 Ordinary shares of Alexandre of England 1988 Limited	Dormant	Granary Building, 1 Canal Wharf, Leeds LS11 5BB	England and Wales	100%	10	10
Investment in 57,500 £1 Ordinary shares of Worth Valley Menswear Limited	Dormant	Granary Building, 1 Canal Wharf, Leeds LS11 5BB	England and Wales	100%	-	-
Cost on acquisition of subsidiaries at 28 January 2017 and 3 February 2018					1,026	1,026
Carrying value at 28 January 2017 and 3 February 2018					1,026	1,026

The company is a wholly owned subsidiary of BMB Group Limited, a company registered in England and Wales, and thus under section 400 of the Companies Act 2006 is exempt from producing consolidated financial statements.

The directors believe that the carrying value of the investments is supported by their expected future trading. The carrying value of investments in dormant companies is supported by the net assets of the companies.

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

12 Stocks

	3 February 2018	28 January 2017
	£'000	£'000
Raw materials and consumables	32	32
Finished goods and goods for resale	27,090	25,889
	27,122	25,921

In the opinion of the directors the replacement value of inventories does not differ materially from the book value. Inventories are stated after provisions for impairment of £1,434,000 (2017: £1,583,000).

13 Debtors

	3 February 2018	28 January 2017
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	9,050	8,821
Amounts owed by group undertakings	7,973	8,219
Other debtors	718	621
Derivative financial instruments	-	276
Prepayments and accrued income	2,692	2,540
Total amounts falling due within one year:	20,433	20,477
Amounts falling due after more than one year:		
Deferred tax asset (note 18)	1,554	1,462
Total amounts falling due after more than one year	1,554	1,462
Total debtors	21,987	21,939

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £122,000 (2017: £104,000).

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

14 Post-employment benefits

The group operates a defined benefit scheme with assets held in a separately administered fund. In addition, some employees are members of a defined contribution scheme.

Defined benefit scheme

The defined benefit scheme is called the BMB Group Pension Scheme. The pension cost in relation to the BMB Group Pension Scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of the scheme was performed as at 31 March 2016. The main actuarial assumptions used were that the rate of return on investments would be between 3.19% and 4.45% per annum, the rate of salary increase would be 3.15% per annum and the assumed rate of price inflation was 3.40% per annum.

At the date of the valuation, the market value of the assets of the scheme was £29,029,000 (2017: £27,220,000) and was more than sufficient to cover all of the benefits that had accrued to members, after allowing for future increases in earnings. Allowing for the restricted surplus, the assets were sufficient to cover 101% of the benefits accrued to members. The group has made additional contributions of £420,000 in the year to 3 February 2018 (2017: £360,000).

The results of the valuation were updated to 3 February 2018 in accordance with FRS102 by a qualified actuary. The major assumptions used by the actuary were:

	3 February 2018	29 January 2017
Rate of increase in pensionable salaries	3.75%	4.05%
Pension increases	3.25%	3.55%
Discount rate	2.60%	2.80%
Inflation assumption	3.25%	3.55%

The mortality assumptions used were as follows:

	3 February 2018	28 January 2017
	Years	Years
Longevity at age 65 for current pensioners		
- Men	22.1	22.2
- Women	24	24.3
Longevity at age 65 for future pensioners		
- Men	23.5	24.0
- Women	25.5	26.2

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

14 Post-employment benefits (continued)

The assets in the scheme and the expected rates of return were:

	Long term rate of return expected at 3 February 2018 %	Value at 3 February 2018 £'000	Long term rate of return expected at 28 January 2017 %	Value at 28 January 2017 £'000
Equities	29%	8,418	49%	14,651
Other assets	71%	20,611	51%	15,127
Total market value of assets		29,029		29,778
Present value of scheme liabilities		(25,427)		(28,950)
Surplus in scheme		3,602		828
Actuarial loss not recognised		(3,241)		(327)
Related deferred tax liability		(61)		(100)
Net pension surplus		300		401

Reconciliation of the present value of the scheme liabilities

	3 February 2018 £'000	28 January 2017 £'000
At the start of the year	28,950	25,007
Current service cost	69	67
Contributions by plan participants	18	23
Interest cost	760	858
Benefits paid	(3,697)	(1,725)
Actuarial (gains)/losses	(673)	4,720
At the end of the year	25,427	28,950

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

14 Post-employment benefits (continued)

Reconciliation of the fair value of scheme assets

	3 February 2018 £'000	28 January 2017 £'000
At the start of the year	29,778	25,607
Expected return on scheme assets	781	875
Contributions by plan participants	18	23
Contributions paid by employer	480	434
Benefits paid	(3,697)	(1,725)
Actuarial gains	1,669	4,564
At the end of the year	29,029	29,778

Scheme assets do not include any of BMB Clothing Limited's own financial instruments, or any property occupied by BMB Clothing Limited.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

Analysis of amount charged to administration expenses in respect of the defined benefit scheme:

	3 February 2018 £'000	28 January 2017 £'000
Operating profit		
Current service cost	69	67
Interest income	(21)	(17)
Total operating charge	48	50

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

14 Post-employment benefits (continued)

Defined contribution scheme

A stakeholder pension scheme exists for all employees who are not covered by the defined benefit scheme. Prior to the establishment of this scheme, employees were covered for pension benefits by the Group's continued participation in the money purchase section of the BMB Group Pension Scheme. The total contributions paid to the BMB Stakeholder scheme in the year ended 3 February 2018 was £161,000 (28 January 2017: £160,000). The amount outstanding at 3 February 2018 was £12,000 (2017: £14,000). The Auto Enrolment Pension Scheme became operational as at January 2014, total contributions paid to the NEST scheme in the year ended 3 February 2018 was £158,000 (2017: £140,000). The amount outstanding at 3 February 2018 was £17,000 (2017: £17,000).

15 Creditors amounts falling due within one year

	3 February 2018	28 January 2017
	£'000	£'000
Bank overdrafts (note 17)	5,225	5,225
Bank loans	-	1
Trade creditors	5,624	4,637
Amounts owed to group undertakings	27,474	30,533
Taxation and social security	2,360	2,674
Derivative financial instruments (note 19)	1,588	-
Other creditors	4,440	6,020
Accruals and deferred income	5,833	2,392
	52,544	51,482

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Other creditors includes the licence fee liability that arose on the acquisition of the Ben Sherman licence.

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

16 Creditors amounts falling due after one year

	3 February 2018 £'000	28 January 2017 £'000
Bank loans and overdrafts (note 17)	19,109	19,950
Other creditors	5,029	-
	24,138	19,950

Other creditors includes the additional liability that arose from the extension of the Ben Sherman licence enacted on 7 July 2017.

17 Loans and other borrowings

	3 February 2018 £'000	28 January 2017 £'000
Bank overdrafts	5,225	5,225
Bank loan	19,109	19,951
	24,334	25,176
Maturity of debt		
Less than one year, or on demand	5,225	5,226
More than one year, but not more than five years	19,109	19,950
	24,334	25,176

Bank overdrafts are repayable on demand.

The Overdraft facility continues to be held with Europe Arab Bank. Interest is charged at 2.25% over the Europe Arab Bank base rate for sterling overdrafts. Overdraft facilities are secured by a bank guarantee which is arranged by the ultimate controlling party, Al Arafa for Investments and Consultancies SAE.

The Loan is held with Qatar Islamic Bank (QIB) with a 5 year term loan of £8,000,000 and a 12 monthly renewable revolving working capital facility of £12,000,000. Both loans have an applicable interest cost of 5% above the 6 month LIBOR rate. The facility is secured by a guarantee from the ultimate parent company, Arafa.

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

18 Provisions for liabilities

a) Provision for liabilities

	Dilapidations provision
Group	£'000
At 29 January 2017	(104)
Charged to the profit and loss account	(54)
Utilised during the year	25
At 3 February 2018	(133)

The provision for dilapidations is for the future dilapidations costs of the group's leasehold properties.

b) Deferred tax asset (excluding pension surplus and cash flow hedge reserve)

	£'000
At 29 January 2017	1,462
Credited additionally in the year	92
At 3 February 2018	1,554

The deferred tax asset is disclosed within debtors (note 13).

	3 February 2018	28 January 2017
	£'000	£'000
Deferred tax comprises:		
Trading losses	867	-
Accelerated capital allowances	684	1,449
Other timing differences	3	13
Deferred tax asset (note 13)	1,554	1,462

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

18 Provisions for liabilities (continued)

c) Deferred tax liability relating to pension surplus

Deferred tax movements in respect of the pension scheme are as follows:

	3 February 2018	28 January 2017
	£'000	£'000
Deferred tax liability in relation to the surplus pension asset		
Opening deferred tax liability	(100)	(50)
Charged to profit and loss account (note 8)	(73)	(76)
Credited to statement of total comprehensive income	112	26
Closing deferred tax liability	(61)	(100)

The deferred tax liability of £61,000 (2017: £100,000) has been deducted (2017: deducted) in arriving at the net pension surplus on the balance sheet (note 14).

d) Deferred tax asset relating to cash flow hedge reserve

Deferred tax movements in respect of the cash flow hedge reserve are as follows:

	3 February 2018	28 January 2017
	£'000	£'000
Deferred tax asset in relation to the cash flow hedge reserve		
Opening deferred tax asset	-	-
Charged to statement of total comprehensive income in respect of prior period	(52)	-
Credited to statement of total comprehensive income	425	-
Closing deferred tax asset	373	-

The deferred tax asset of £373,000 (2017: £nil) has been deducted (2017: deducted) in arriving at the net liability position on the balance sheet (note 15).

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

19 Financial Instruments

The company has the following financial instruments;

	3 February 2018	28 January 2017
	Total £'000	Total £'000
Financial assets that are debt instruments measured at amortised cost		
Trade debtors (Note 13)	9,050	8,821
Other debtors (Note 13)	718	621
	9,768	9,442
Financial instruments that are equity instruments measured at fair value		
Derivative financial (liability)/asset (Note 15)	(1,588)	276
	(1,588)	276
Financial liabilities measured at amortised cost		
Bank loans and overdrafts (Notes 15, 16 & 17)	24,334	25,176
Trade creditors (Note 15)	5,624	4,637
Other creditors (Note 15 & 16)	9,409	6,020
Accruals and deferred income (Note 15)	5,833	2,392
	45,200	38,225

Derivative financial instruments

The group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 3 February 2018 the outstanding contracts all mature within 12 months (2017: 12 months) of the year end. The group is committed to buy \$32,800,000 for a fixed sterling amount.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD.

The group has no interest rate derivative financial instruments (2017: none).

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

20 Called up share capital

	3 February 2018	28 January 2017
	£	£
Allotted and fully paid		
1 (2017: 1) ordinary share of £1	1	1

21 Reserves

Accumulated losses

Includes all current and prior year retained profits and losses.

Cash flow hedge reserve

Includes all transactions arising from the Company's cash flow hedging arrangements.

22 Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions, on the grounds that it is a wholly owned subsidiary of a group headed by Baird Group (Holdings) Limited, an intermediate parent company, whose financial statements are publicly available.

23 Contingent liabilities

The company is a participant in a group banking arrangement and has given cross-guarantees which created fixed and floating charges over all the assets of the company. As at 3 February 2018 the maximum liability under this arrangement was £24,334,000 (28 January 2017: £25,176,000).

BMB Clothing Limited

Notes to the financial statements for the year ended 3 February 2018 (continued)

24 Capital and other commitments

At the year end, the company had the following capital commitments;

	3 February 2018 £'000	28 January 2017 £'000
Contracts for future capital expenditure not provided in the financial statements	-	566

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods;

	3 February 2018 £'000	28 January 2017 £'000
Within one year	5,261	840
Within two to five years	17,653	3,745
After five years	9,956	22,237
	32,870	26,822

A number of property leases include contingent turnover rent clauses.

The company had no other off-balance sheet arrangements.

25 Ultimate parent undertaking

The immediate parent undertaking is BMB Group Limited, a company incorporated in England and Wales. The results of BMB Clothing Limited and BMB Group Limited are included within the consolidated financial statements of Baird Group (Holdings) Limited, a company incorporated in England and Wales. Baird Group (Holdings) Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Baird Group (Holdings) Limited can be obtained from the company secretary at Granary Building, 1 Canal Wharf, Leeds, LS11 5BB, England, UK.

At 3 February 2018, the ultimate parent company and controlling party, which is also the parent for the largest group of undertakings for which the group financial statements are drawn up for and of which the company is a member, was Al Arafa for Investments and Consultancies SAE a company incorporated in Egypt.

Copies of the group financial statements may be obtained from Al Arafa for Investments and Consultancies SAE, c/o Swiss Garment Company, 10th of Ramadan City, 3rd Industrial Zone A1, Egypt.