

Beaconsfield Footwear Limited

Report and Financial Statements

31 January 2016

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Company Information

Directors

S J Houlgrave
S E Prowse
R C Perkins

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester M2 3EY

Bankers

HSBC
4 Hardman Square
Spinningfields
Manchester M3 3EB

Lloyds Bank plc
40 Spring Gardens
Manchester M2 1EN

Solicitors

DLA Piper UK LLP
101 Barbirolli Square
Bridgewater
Manchester M2 3DL

Registered Office

2 Peel Road
West Pimbo
Skelmersdale
Lancashire WN8 9PT

Strategic report

The directors present their strategic report and the financial statements for the 52 weeks ended 31 January 2016.

Principal activities and review of the business

During the course of the year the company continued to manufacture and merchandise a wide variety of footwear. Turnover increased by 5.4% in the year largely driven by the growth in export sales to the US. New store openings in UK during the year and the full year effect of stores opened in the previous year drove the remaining sales growth.

The reduction in operating profit compared to the previous year reflects the increased investment in new customer acquisition, particularly in overseas markets, together with the continued investment in the retail store estate. The directors expect these investments to deliver both turnover and operating profit growth in future periods. To prepare the business for further growth investment was made to expand the onsite warehousing capacity and whilst this is now complete this did lead to operational inefficiencies, particularly in the second half, which are not expected to recur in the coming year.

The directors expect these investments and the elimination of non-recurring operational costs to deliver both turnover and operating profit growth in future periods.

At the period end the company had shareholders' funds of £33,508,000 (53 weeks ended 1 February 2015 – £30,299,000) including distributable reserves of £33,466,000 (53 weeks ended 1 February 2015 – £30,257,000).

Key performance indicators

The directors monitor the following key performance indicators for the company on a monthly basis and at the period end they were as follows:

	<i>52 weeks ended 31 January 2016 £000</i>	<i>53 weeks ended 1 February 2015 £000</i>
Turnover	101,330	96,058
Operating profit	3,416	8,120
EBITDA	6,940	11,673
Adjusted EBITDA	8,325	12,306
Cash	4,359	3,748
Net assets	33,508	30,299

EBITDA of £6,940,000 (53 weeks ended 1 February 2015 – £11,673,000) is calculated as EBIT of £3,425,000 (53 weeks ended 1 February 2015 – £8,057,000) adjusted to add back depreciation of £3,515,000 (53 weeks ended 1 February 2015 – £3,616,000).

Adjusted EBITDA of £8,325,000 (53 weeks ended 1 February 2015 – £12,306,000) is calculated as EBITDA adjusted to add back exceptional costs for management reporting of £1,385,000 (53 weeks ended 1 February 2015 – £633,000)

Principal risks and uncertainties

Industry risks

The directors have assessed the main risk facing the company as being the progressive fashion advances related to the industry. The main competitive advantage can be gained from continual mould design and

Strategic report

development for new footwear ranges periodically through the period, and widening product appeal to attract a slightly younger customer.

The directors try to mitigate these risks by employing a team of dedicated design specialists who continually update footwear ranges. These ranges are adopted for forthcoming seasonal catalogues and brochures.

Liquidity risks

The company manages liquidity risk by closely monitoring and forecasting cash generation from operations and ensuring that cash outflows do not exceed cash inflows to the point where a cash deficit is realised. The company also manages liquidity risk via loans provided by other group members.


As a result, the directors continue to adopt the going concern basis of accounting. Principal risks and uncertainties (continued)

Foreign exchange risks

The company buys goods in currencies other than sterling. As a result, the value of the company's non-sterling purchases and financial liabilities can be affected by movements in exchange rates.

Foreign exchange risk is mitigated through natural hedging as a result of trading in the USA and by agreeing a sterling exchange rate with a number of foreign suppliers a season in advance.

By order of the Board

 26/10/16

S E Prowse
Chief Executive

Directors' report

The directors present their report and financial statements for the 52 weeks ended 31 January 2016.

Results and dividends

The profit for the period after taxation amounted to £3,209,000 (53 weeks ended 1 February 2015 – profit of £6,992,000). The directors do not recommend a final dividend (53 weeks ended 1 February 2015 – £nil).

Directors

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

S J Houlgrave

P N Davis (resigned 06 May 2016)

P N Taylor (resigned 09 February 2016)

S E Prowse (appointed 24 March 2016)

R C Perkins (appointed 06 April 2016)

Events since the balance sheet

Post year end Electra LLP who own Electra PLC have served notice to terminate their contract. There will be no change in ownership but the termination will constitute a change in controlling party. The impact is expected to be minimal and confirmation has been obtained from the banks that they see the change having little or no impact on the banking arrangements.

Going concern

Beaconsfield Footwear Limited is the main trading company of the group. The company's business activities, together with the factors likely to affect its future development, its financial position and financial position and its exposures to principal risks and uncertainties are described in the Strategic Report on pages 2 and 3.

The company's and group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and group should be able to operate within the level of its current banking facilities. The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the period, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of

Directors' report

which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

 26/10/16

S E Prowse
Chief Executive

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Beaconsfield Footwear Limited

We have audited the financial statements of Beaconsfield Footwear Limited for the period ended 31 January 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of Beaconsfield Footwear Limited

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

27 October 2016

Income statement

for the 52 weeks ended 31 January 2016

		<i>52 weeks ended 31 January 2016</i>	<i>53 weeks ended 1 February 2015</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Turnover	2	101,330	96,058
Cost of sales		<u>(36,663)</u>	<u>(33,227)</u>
Gross Profit		64,667	62,831
Distribution costs		(4,591)	(3,719)
Administrative expenses		<u>(56,660)</u>	<u>(50,992)</u>
Operating Profit	3	3,416	8,120
Loss on disposal of fixed assets		9	(63)
Interest receivable and similar income		10	10
Interest payable and similar charges	5	<u>(10)</u>	<u>(13)</u>
Profit on ordinary activities before taxation		3,425	8,054
Tax on profit on ordinary activities before taxation	6	<u>(216)</u>	<u>(1,062)</u>
Profit for the financial period		<u>3,209</u>	<u>6,992</u>

All amounts relate to continuing activities.

Statement of comprehensive income

for the 52 weeks ended 31 January 2016

	<i>52 weeks ended 31 January 2016 £000</i>	<i>53 weeks ended 1 February 2015 £000</i>
Profit for the financial period	3,209	6,992
Total other comprehensive income/(loss)	-	-
Total comprehensive income for the period	3,209	6,992

Statement of changes in equity

for the 52 weeks ended 31 January 2016


	<i>Called up share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total equity £000</i>
At 27 January 2014	42	23,265	23,307
Profit for the period	-	6,992	6,992
At 1 February 2015	42	30,257	30,299
Profit for the period	-	3,209	3,209
At 31 January 2016	42	33,466	33,508

Statement of financial position

at 31 January 2016

		31 January 2016	1 February 2015
	Notes	£000	£000
Fixed assets			
Tangible assets	7	8,049	9,442
Investments	8	-	-
		<u>8,049</u>	<u>9,442</u>
Current assets			
Stocks	9	18,021	17,734
Debtors: amounts due in more than one year	10	19,448	15,407
Debtors: amounts due in less than one year	10	4,667	4,391
Cash at bank and in hand		<u>4,359</u>	<u>3,748</u>
		46,495	41,280
Creditors: amounts falling due within one year	11	<u>(21,008)</u>	<u>(20,403)</u>
Net current assets		<u>25,487</u>	<u>20,877</u>
Total assets less current liabilities		33,536	30,319
Creditors: amounts falling due after more than one year	12	<u>(28)</u>	<u>(20)</u>
Net assets		<u>33,508</u>	<u>30,299</u>
Capital and reserves			
Called up share capital	15	42	42
Profit and loss account		<u>33,466</u>	<u>30,257</u>
Shareholders' funds		<u>33,508</u>	<u>30,299</u>

These financial statements were approved for issue by the Board of Directors and were signed on its behalf by:



26/10/16

S E Prowse
Chief Executive

Notes to the financial statements

for the period ended 31 January 2016

1. Accounting policies

Statement of compliance

Beaconsfield Footwear Limited is a limited liability company incorporated in England. The Registered Office is 2 Peel Road, West Pimbo, Skelmersdale, Lancashire, WN8 9PT.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the period ended 31 January 2016.

The Group transitioned from previously extant UK GAAP to FRS 102 as at 27 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 22.

Basis of preparation and change in accounting policy

The financial statements of Beaconsfield Footwear Limited were approved for issue by the Board of Directors on 26 October 2016. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

The company's parent undertaking, Galaxy Topco Limited includes the company in its consolidated financial statements. The consolidated financial statements of Galaxy Topco Limited are available to the public and may be obtained from 2 Peel Road, West Pimbo, Skelmersdale, Lancashire, WN8 9PT. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

Group financial statements

The company has taken the exemptions under FRS 102 not to prepare group financial statements as it is included within the financial statements of a parent undertaking, Galaxy Topco Limited.

These financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The company's business activities, together with key performance indicators and key risks, are set out in the Strategic Report, which forms part of the Directors Report. The company's forecasts and projections, taking into account reasonably predictable changes in trading performance, mean the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Notes to the financial statements

for the period ended 31 January 2016

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty (continued)

The following are the Company's key sources of estimation uncertainty:

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the 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.

Management estimation is required to determine the amount of deferred tax assets 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. Further details are contained in note 6.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold land and buildings – over the shorter of the lease term and 20 years

Plant and machinery, and fixtures and fittings – 10 to 33.3% straight-line

Motor vehicles – 25% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Notes to the financial statements

for the period ended 31 January 2016

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Investments

Investments in subsidiaries are accounted for at cost less impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale – purchase cost on a first-in, first-out basis

Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

Notes to the financial statements

for the period ended 31 January 2016

1. Accounting policies (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that 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, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Short-term debtors and creditors

Debtors and creditors 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.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Notes to the financial statements

for the period ended 31 January 2016

1. Accounting policies (continued)

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

When shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

Classification of shares as debt or equity (continued)

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Notes to the financial statements

for the period ended 31 January 2016

2. Turnover

Turnover represents the amounts derived from the provision of goods which fall within the company's ordinary activities, stated net of value added tax.

The company operates in one principal area of activity, that of the sale of footwear and accessories

The company operates within two geographical markets, the United Kingdom and the United States.

Turnover represents amounts invoiced to third parties and is attributable to one continuing activity: the sale of footwear and accessories.

An analysis of turnover by geographical market is given below:

	<i>52 weeks ended 31 January 2016 £000</i>	<i>53 weeks ended 1 February 2015 £000</i>
United Kingdom	87,584	86,328
Rest of World	13,746	9,729
	<u>101,330</u>	<u>96,058</u>

An analysis of turnover by channel is given below:

	<i>52 weeks ended 31 January 2016 £000</i>	<i>53 weeks ended 1 February 2015 £000</i>
Direct to consumer	96,113	90,623
Wholesale	5,217	5,435
	<u>101,330</u>	<u>96,058</u>

Notes to the financial statements

for the period ended 31 January 2016

3. Operating profit

This is stated after charging:

	<i>52 weeks ended 31 January 2016 £000</i>	<i>53 weeks ended 1 February 2015 £000</i>
Research and development expenditure written off	-	-
(Profit)/loss on disposal of fixed assets	9	63
Depreciation:		
– of owned tangible fixed assets	3,429	3,541
– of tangible fixed assets held under hire purchase	86	75
Total depreciation charge	<u>3,515</u>	<u>3,616</u>
Operating lease rentals		
– land and buildings	6,999	6,329
– plant and machinery	<u>-</u>	<u>-</u>
Auditors' remuneration:		
Audit of the company's financial statements	<u>34</u>	<u>33</u>
Total audit	<u>34</u>	<u>33</u>
Fees payable to the company's auditor and its associates for other services		
– tax	33	8
– other	15	6
Total non-audit services	<u>48</u>	<u>14</u>

Notes to the financial statements

for the period ended 31 January 2016

4. Staff costs

a) Staff costs

	<i>52 weeks ended 31 January 2016 £000</i>	<i>53 weeks ended 1 February 2015 £000</i>
Wages and salaries	20,019	17,900
Social security costs	1,208	1,257
Other pension costs	258	258
	<u>21,485</u>	<u>19,415</u>

The average monthly number of employees, including Directors during the period was made up as follows:

	<i>No.</i>	<i>No.</i>
Production and management	258	247
Sales and distribution	733	666
	<u>991</u>	<u>913</u>

The company contributed into a number of personal and group defined contribution schemes for the benefit of employees. The total contributions paid in the period amounted to £228,000 (53 weeks ended 1 February 2015 – £229,000). At 31 January 2016 there were unpaid contributions of £30,000 (53 weeks ended 1 February 2015 – £29,000).

b) Directors' remuneration

	<i>52 weeks ended 31 January 2016 £000</i>	<i>53 weeks ended 1 February 2015 £000</i>
Aggregate remuneration in respect of qualifying services	475	570
Value of company pension contributions to money purchase schemes	<u>27</u>	<u>67</u>

Remuneration of the highest paid director:

	<i>Period ended 31 January 2016 £000</i>	<i>Period ended 1 February 2015 £000</i>
Aggregate remuneration	224	226
Value of company pension contributions to money purchase schemes	<u>23</u>	<u>22</u>

During the period 2 (2015 – 3) directors accrued benefits under personal pension schemes.

Notes to the financial statements

for the period ended 31 January 2016

5. Interest payable and similar charges

	<i>53 weeks ended 31 January 2016 £000</i>	<i>52 weeks ended 1 February 2015 £000</i>
Hire purchase and finance lease charges	10	13
	<u>10</u>	<u>13</u>

6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<i>53 weeks ended 31 January 2016 £000</i>	<i>52 weeks ended 1 February 2015 £000</i>
Current tax:		
UK corporation tax at 20.16% (2015 – 21.32%)	449	1,158
Tax (overprovided)/underprovided in previous periods	(84)	(47)
Total current tax	<u>365</u>	<u>1,111</u>
Deferred tax:		
Origination and reversal of timing differences	(57)	(88)
Adjustment in respect of previous periods	(145)	34
Effect of changes in tax rates	53	5
Deferred tax (note 6(d))	<u>(149)</u>	<u>(49)</u>
Tax on profit on ordinary activities (note 6(b))	<u>216</u>	<u>1,062</u>

Notes to the financial statements

for the period ended 31 January 2016

6. Tax (continued)

(b) Factors affecting the total tax charge

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%). The differences are reconciled below:

	<i>53 weeks ended 31 January 2016 £000</i>	<i>52 weeks ended 1 February 2015 £000</i>
Profit on ordinary activities before tax	3,425	8,054
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%)	691	1,717
Expenses not deductible for tax purposes	258	293
Interest imputed	119	56
Income not taxable	(1)	-
Adjustments to tax charge in respect of previous period	(229)	(14)
Changes in tax laws and rates	53	5
Group tax relief	(675)	(995)
Profits and losses on consolidation only – amortisation of goodwill	-	-
Total tax expense (note 6(a))	216	1,062

(c) Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 20.16%. The reduction of the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020 was announced in the Summer Finance Bill 2015, which was substantively enacted on 26 October 2015. Future profits will be taxed at the appropriate rate. Deferred tax as at 31 January 2016 has been calculated at 18% (2015: 20%); being the enacted rate at which the deferred tax is expected to reverse.

Further to this, it was announced in the 16 March 2016 Budget that the Corporation tax rate will be reduced to 17% from 1 April 2020. As this proposal was not substantively enacted at the balance sheet date, the rate of 17% is not applicable to deferred tax balances for the year ended 31 January 2016.

Notes to the financial statements

for the period ended 31 January 2016

6. Tax (continued)

(d) Deferred tax

The deferred tax included in the balance sheet as follows:

	<i>52 weeks ended 31 January 2016 £000</i>	<i>53 weeks ended 1 February 2015 £000</i>
Included in debtors (note 10)	<u>473</u>	<u>325</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

Decelerated capital allowances	461	295
Other timing differences	12	30
	<u>473</u>	<u>325</u>

	<i>£000</i>
At 2 February 2015	325
Adjustment in respect of prior years	144
Deferred tax credit in profit and loss account	4
At 31 January 2016	<u>473</u>

Notes to the financial statements

for the period ended 31 January 2016

7. Tangible fixed assets

	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Plant and machinery</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost or valuation:				
At 2 February 2015	17,630	418	7,606	25,654
Additions	1,592	63	586	2,241
Disposals	(179)	(70)	-	(249)
At 31 January 2016	19,043	411	8,192	27,646
Depreciation:				
At 2 February 2015	10,218	262	5,732	16,212
Charge for the period	2,768	91	656	3,515
Disposals	(62)	(68)	-	(130)
At 31 January 2016	12,924	285	6,388	19,597
Carrying amount				
At 31 January 2016	6,119	126	1,804	8,049
At 1 February 2015	7,412	156	1,874	9,442

Included in the amounts for motor vehicles above are the following amounts relating to leased assets and assets acquired under hire purchase contracts:

	<i>Total</i>
	<i>£000</i>
Cost or valuation:	
At 2 February 2015	302
Additions	63
Disposals	-
At 31 January 2016	365
Depreciation:	
At 2 February 2015	155
Charge for the period	86
Disposals	-
At 31 January 2016	241
Carrying amount	
At 31 January 2016	124
At 1 February 2015	147

Notes to the financial statements

for the period ended 31 January 2016

8. Investments

<i>Company</i>	<i>Subsidiary undertakings £000</i>
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At 2 February 2015 and 31 January 2016

-

Principal fixed asset investments:

<i>Name</i>	<i>Class of share</i>	<i>Proportion held</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
Comfort Concept Limited	Ordinary	100%	UK	Dormant

The company's voting rights in respect of the investments are held in the same proportion as the company's share of the ordinary share capital of each company.

9. Stocks

	<i>31 January 2016 £000</i>	<i>1 February 2015 £000</i>
Raw materials	1,337	1,367
Work in progress	66	114
Finished goods	16,618	16,253
	<u>18,021</u>	<u>17,734</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Finished goods includes a provision for obsolete stock of £1,365,000 (2015 - £nil).

10. Debtors

	<i>31 January 2016 £000</i>	<i>1 February 2015 £000</i>
Trade debtors	1,169	1,153
Amounts owed by group undertakings	19,448	15,407
Other debtors	843	629
Prepayments	2,182	2,284
Deferred tax (note 6(d))	473	325
	<u>24,115</u>	<u>19,798</u>

Notes to the financial statements

for the period ended 31 January 2016

11. Creditors: amounts falling due within one year

	<i>31 January 2016 £000</i>	<i>1 February 2015 £000</i>
Obligations under hire purchase contracts (note 14)	28	75
Trade creditors	7,031	6,568
Amounts owed to group undertakings	6,678	6,678
Corporation tax	78	560
Other taxes and social security costs	1,779	1,646
Other creditors	465	639
Accruals	4,949	4,237
	<u>21,008</u>	<u>20,403</u>

The directors have re-presented the 2015 balance sheet to more appropriately reflect the classification of the intercompany balance. Whilst the directors have received confirmation from the directors of the relevant group company the intercompany creditor will not be called for repayment within 1 year, there are no formal repayment terms and as such, it has been reclassified as due within one year.

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

	<i>31 January 2016 £000</i>	<i>1 February 2015 £000</i>
Obligations under hire purchase contracts (note 13)	28	20
	<u>28</u>	<u>20</u>

Notes to the financial statements

for the period ended 31 January 2016

13. Obligations under finance leases and hire purchase contracts

The company uses finance leases and hire purchase contracts to acquire motor vehicles. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments due under finance leases and hire purchase contracts:

	<i>31 January 2016 £000</i>	<i>1 February 2015 £000</i>
Amounts payable:		
Within one year	28	75
In two to five years	28	20
Less: finance charges allocated to future periods	-	-
	<u>56</u>	<u>95</u>

Hire purchase contracts are secured on the assets concerned.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>31 January 2016 £000</i>	<i>1 February 2015 £000</i>
Within one year	6,967	6,745
In one to five years	17,169	18,129
Over five years	4,593	6,671
	<u>28,730</u>	<u>31,544</u>

Notes to the financial statements

for the period ended 31 January 2016

14. Financial instruments

	31 January 2016 £000	1 February 2015 £000
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Trade debtors	1,169	1,153
<i>Financial liabilities measured at amortised cost</i>		
Obligations under hire purchase contracts note13)	57	95
Trade creditors	7,031	6,568

15. Issued share capital

		31 January 2016 £000		1 February 2015 £000
<i>Allotted, called up and fully paid</i>	<i>No.</i>		<i>No.</i>	
Ordinary shares of £1 each	42,000	<u>42</u>	42,000	<u>42</u>

16. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2015 – £nil).

17. Off-balance sheet arrangements

The company enters into operating lease arrangements for the hire of buildings as these arrangements are a cost efficient way of obtaining the short-term benefits of these assets. The company lease rental expense for the year is disclosed in Note 3 and the total future company commitments under these arrangements are disclosed in Note 14. There are no other material off-balance sheet arrangements.

18. Contingent liabilities

There are no contingent liabilities as at the balance sheet date.

19. Related party transactions

The company has taken advantage of the exemption conferred under FR102 in respect of disclosure of transactions with other wholly owned members of the Galaxy Topco Limited Group.

During the period the Peel Road site was rented by Beaconsfield Footwear Limited from the Beaconsfield Footwear Limited Directors' Retirement and Death Benefit Scheme for £436,333 (2015 -£425,000) under a 15 and a half year agreement until July 2031.

The ultimate parent undertaking is Galaxy Topco Limited. 61.27% of the issued share capital of Galaxy Topco Limited is held by Electra Private Equity plc, the controlling party.

During the period, the company paid Electra Private Equity plc £156,000 (1 February 2015: £156,000) for monitoring and advisory services on behalf of Galaxy Bidco Limited. £nil (1 February 2015: £45,000) was owed to Electra Private Equity plc at 31 January 2016. The associated costs are disclosed in the profit and loss of Galaxy Bidco Limited.

Notes to the financial statements

for the period ended 31 January 2016

20. Ultimate parent undertaking and controlling party

At 31 January 2016, the company was a subsidiary of Hotter Limited.

The entire issued share capital of the company is indirectly owned by Galaxy Topco Limited; a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking is Galaxy Topco Limited; a company incorporated in Great Britain and registered in England and Wales. 61.27% of the issued share capital of the company is held by Electra Private Equity plc, the controlling party.

The smallest and largest group in which the results of the company are consolidated is Galaxy Topco Limited. The group financial statements of Galaxy Topco Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

21. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 27 January 2014.

The impact from the transition to FRS 102 is as follows:

<i>Reconciliation of equity at 27 January 2014</i>	<i>£000</i>
Equity Shareholders funds at 27 January 2014 under previous UK GAAP	23,349
Holiday pay accrual	(52)
Deferred tax	11
Equity Shareholders funds at 27 January 2014 under FRS 102	<u>23,297</u>
 <i>Reconciliation of equity at 1 February 2015</i>	 <i>£000</i>
Equity Shareholders funds at 1 February 2015 under previous UK GAAP	30,438
Holiday pay accrual	(53)
Lease incentives	(21)
Depreciation on capitalised refurbishment costs of leased properties.	(80)
Deferred tax	15
Equity Shareholders funds at 1 February 2015 under FRS 102	<u>30,299</u>

Notes to the financial statements

for the period ended 31 January 2016

22. Transition to FRS 102 (continued)

<i>Reconciliation of Balance Sheets at 1 February 2015</i>	<i>Adopted UK GAAP £000</i>	<i>Transition to FRS 102 £000</i>	<i>FRS 102 £000</i>
Fixed assets			
Tangible assets	9,240	202	9,442
	<u>9,240</u>	<u>202</u>	<u>9,442</u>
Current assets			
Stocks	17,734	-	17,734
Debtors	19,783	15	19,798
Cash	3,748	-	3,748
	<u>41,265</u>	<u>15</u>	<u>41,280</u>
Creditors: amounts falling due within one year	<u>(13,369)</u>	<u>(7,034)</u>	<u>(20,403)</u>
Net current assets	<u>27,896</u>	<u>(7,019)</u>	<u>20,877</u>
Total assets less current liabilities	<u>37,136</u>	<u>(6,817)</u>	<u>30,319</u>
Creditors: amounts falling due after more than one year	<u>(6,698)</u>	<u>6,678</u>	<u>(20)</u>
Net assets	<u>30,438</u>	<u>(139)</u>	<u>30,299</u>
Capital and reserves			
Called up share capital	42	-	42
Profit and loss account	<u>30,396</u>	<u>(139)</u>	<u>30,257</u>
Shareholders' deficit	<u>30,438</u>	<u>(139)</u>	<u>30,299</u>

The following were changes in accounting policies arising from the transition to FRS 102:

Holiday pay accrual

Under previous UK GAAP, the company accrued for holiday pay where this was expected to be paid as a cash sum where the employee was entitled to carry forward holidays earned indefinitely. However, the company did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the company is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to increase holiday pay accrued by £53,000 and £53,000 for the company as at 27 January 2014 and at 1 February 2015 respectively.

Lease incentive accrual

Under previous UK GAAP, the company accrued for lease incentives and released the incentive to the profit and loss over the shorter of the life of the lease or the first break point. Under FRS102 lease incentives must be accrued over the length of the lease. The impact is to increase the lease incentive accrual in the statement of financial position by £21,000 for the period ended 1 February 2015.

Capitalisation of refurbishment costs on leased properties.

Under previous UK GAAP, the company did not capitalise and accrue for the estimated cost of refurbishing leased properties to bring them back to their original state when the lease comes to an end.

Under FRS102 a reasonable estimate of costs must be capitalised and depreciated over the remaining life of the lease. The corresponding balance is recognised in accruals and released to the profit and loss when

Notes to the financial statements

for the period ended 31 January 2016

22. Transition to FRS 102 (continued)

the cost is incurred. The impact to the statement of financial position as at 1 February 2015 is an increase in fixtures of fittings cost £202,000, an increase in in fixtures of fittings cost £202,000, an increase in fixtures and fittings depreciation £80,000 and an increase to accruals of £282,000.

Deferred tax

Under FRS 102, deferred tax is recognised on a timing difference plus approach, whereas previous UK GAAP required a timing difference approach.

<i>Reconciliation of profit and loss for the period ended 1 February 2015</i>	<i>£000</i>
Profit for the period ended 1 February 2015 under previous UK GAAP	7,088
Lease incentives	(21)
Depreciation on capitalised refurbishment costs of leased properties.	(80)
Deferred tax	5
Profit for the period ended 1 February 2015 under FRS 102	<u>6,992</u>

The following were changes in accounting policies arising from the transition to FRS 102:

Lease incentive accrual

As a result of the requirement to accrue for lease incentives over the length of the lease as appose to the earlier of the length of the lease or first break period an additional charge of £21,000 has been made to the profit and loss account for the period ended 1 February 2015.

Capitalisation of refurbishment costs on leased properties.

As a result of the requirement to recognise the refurbishment cost of bringing leased properties back to their original state at the end of the lease an additional depreciation charge on fixtures and fittings of £80,000 has been debited to the profit and loss as at 1 February 2015.

Deferred tax

Deferred tax has been recognised on fair value remeasurements on financial and non-financial assets.

Transitional relief

On transition to FRS 102 from previous UK GAAP, the company have taken advantage of transitional relief as follows:

Lease incentives

The company has not applied paragraphs 20.15A or 20.25A to lease incentives where the lease commenced before the date of transition to FRS 102. It has continued to recognise any residual benefit or cost associated with these lease incentives on the same basis that applied prior to transition to FRS 102.