Registered number: 1075752

# JACQUES VERT GROUP LIMITED

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

## FOR THE 52 WEEKS ENDED 31 JANUARY 2015

# JACQUES VERT GROUP LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **DIRECTORS** | S Wills (appointed 23 April 2015)<br>T Davies (appointed 23 April 2015)<br>R Foster (appointed 10 March 2014) |
| **COMPANY SECRETARY** | A Fogg |
| **REGISTERED NUMBER** | 1075752 |
| **REGISTERED OFFICE** | 46 Colebrooke Row<br>London<br>N1 8AF |
| **INDEPENDENT AUDITORS** | PricewaterhouseCoopers LLP<br>Embankment Place<br>London<br>WC2N 6RH |

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# STRATEGIC REPORT
# FOR THE 53 WEEKS ENDED 31 JANUARY 2015

## INTRODUCTION

The Directors present their strategic report on Jacques Vert Group Limited (the "Company") for the 53 weeks ended 31 January 2015. The prior period comprised of the 52 weeks ended 25 January 2014.

## BUSINESS REVIEW

The principal activities of the Company are the design and retail sale of ladies' fashion wear. The key performance indicators used to monitor the performance of the business are: sales revenue; 'like for like' sales compared with the prior year, gross margin percentage of sales and earnings before interest, tax, depreciation, amortisation and exceptional items ("EBITDA before exceptional items").

Total turnover for the 53 weeks ended 31 January 2015 was £175,576,000 (2014: £183,687,000). 'Like for like' sales were 4% lower than the equivalent period during the prior year.

Gross margin percentage of sales was 50.9% which compares with 52.7% in the prior period. The operating loss for the 53 weeks ended 31 January 2015 was £30,297,000 compared to £12,438,000 in the prior period. EBITDA for the 53 weeks ended 31 January 2015 was (£5,737,000) compared to (£7,139,000) during the prior period. A reconciliation between operating loss and EBITDA is provided below:

| | EBITDA before exceptional items 2015 £000 | Exceptional items, amortisation and depreciation 2015 £000 | Total 2015 £000 | EBITDA before exceptional items 2014 £000 | Exceptional items, amortisation and depreciation 2014 £000 | Total 2014 £000 |
|---|---|---|---|---|---|---|
| **Operating loss** | **(5,737)** | **(24,560)** | **(30,297)** | *(7,139)* | *(5,299)* | *(12,438)* |
| Add back: | | | | | | |
| Amortisation | - | **1,310** | **1,310** | - | *1,310* | - |
| Depreciation | - | **3,630** | **3,630** | - | *3,532* | - |
| Exceptional items | - | **19,620** | **19,620** | - | *457* | - |
| **EBITDA before exceptional items** | **(5,737)** | - | **(5,737)** | *(7,139)* | - | *(7,139)* |

During the year, exceptional items totalled £19,620,000 (2014: £457,000) which related to the impairment of goodwill, impairments for dormant intercompany balances and restructuring items. These dormant companies are currently being liquidated and consist of the Irisa Group entities, Jacques Vert Brands Ltd, The County Shirt Company Ltd, West Auck No. 48 Ltd, Planet Fashions Ltd, and Cloud Nine London Ltd. As a result of the decision to close the Planet and Kaliko brands the goodwill on the balance sheet, which predominately related to the Planet brand, has been fully impaired. Exceptional items also include charges associated with onerous leases of £318,000 (2014: £225,000) and impaired capitalised finance model design and development work. Due to poor trading results associated with both the German concessions and the Alexon Brand, operations were closed during the year in Germany along with the cessation of the brand. The Company continued to operate branches in Belgium and Ireland, and also expanded into the Middle East market through a partnership with M.H. Alshaya Co, a multinational retail franchise operator headquartered in Kuwait.

## STRATEGIC REPORT (continued)

At the end of the year the Company operated from 414 outlets compared with 482 outlets at the beginning of the year.

Net cash at the year end amounted to £2,114,000 (2014: £11,127,000).

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company relate to the continued difficult retail trading environment in the UK together with the fact that the majority of the Company's purchases of goods for resale are denominated in non-sterling currencies, principally the US dollar. In order to mitigate the financial consequences of exchange rate fluctuations, the Company enters into forward contracts to purchase currency based on its forecast purchasing requirements.

This report was approved by the board on 31 AUGUST 2015 and signed on its behalf.

A Fogg

**A Fogg**
**Secretary**

**DIRECTORS' REPORT**
**FOR THE 53 WEEKS ENDED 31 JANUARY 2015**

The Directors present their report and the financial statements for the 53 weeks ended 31 January 2015. The prior period comprised of 52 weeks to 25th January 2014.

## RESULTS AND DIVIDENDS

The loss for the 53 weeks, after taxation, amounted to £34,852,000 (52 weeks ended 25 January 2014 - loss of £15,625,000).

The Directors do not propose to pay a final dividend (2014: £nil).

## DIRECTORS

S Wills (appointed 23 April 2015)
T Davies (appointed 23 April 2015)
R Foster (appointed 10 March 2014)
J Bennett (resigned 23 April 2015)
T Tideman (resigned 23 April 2015)
S Morris (resigned 22 April 2015)
J Hobson (resigned 28 February 2014)
I Johnson (resigned 31 January 2014)

There were no contracts of significance during or at the end of the financial year in which a Director of the Company is or was materially interested.

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of each of the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and officers' liability insurance policy throughout the year and also at the date of approval of the financial statements.

## GOING CONCERN

The Company meets its day to day working capital requirements through its bank facilities.

The current economic conditions continue to create uncertainty particularly over (a) the level of demand for ladies clothing; and (b) the availability of bank finance for the foreseeable future.

During August 2015 the Company formally renegotiated its existing banking facilities.

The Company, together with certain of its subsidiaries, has debt facilities totalling £28,500,000 with HSBC plc ("the Bank"). These comprise a £3,000,000 overdraft and a £25,500,000 million combined loan. Short term loans are repayable on a rolling basis and incur interest charges based on bank base rates in the relevant currency in which the loan is denominated.

Bank borrowings are secured by debentures and fixed and floating charges over the assets, goodwill, undertaking and uncalled capital of the Company and certain of its subsidiaries. The borrowings and overdraft facilities are subject to an Asset Coverage covenant and a Debtor Coverage covenant. Covenants are tested at the end of each financial month end.

The Bank has also agreed a USD7,500,000 forward exchange contract facility. The term of all facilities is one year, being due for renewal on 31 August 2016.

The Bank has confirmed that at the current time, it is not aware of any reason why the facilities will not be renewed for a further term of one year upon expiry on 31 August 2016, however any renewal would be subject to approval by its credit department.

The Directors believe that the Company can generate sufficient profitability and cash flows to be in a position to meet all of its liabilities as they fall due. The Directors have considered the forecast cash flows and forecast covenant headroom for a period of 24 months from the Balance Sheet date.

The Company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities.

After making enquiries of their bankers and shareholders, and having regard to future cash flow projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. The Company therefore continues to adopt the going concern basis in financial statements.

## ENVIRONMENTAL MATTERS

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

## EVENTS SINCE THE END OF THE YEAR

During August 2015 the Company formally renegotiated its existing banking facilities. Full details have been included within note 15.

## FUTURE DEVELOPMENTS

The Company mission statement is 'Confidently dressing women.' The company intends to develop its product offering to extend its customer base through the introduction of additional ranges that adhere to that mission statement, for example, women's accessories, whilst continuously improving its existing ranges, sourcing practices and efficiency. The result will be improved margins, and profitability with maximised investment and resource allocation across the brand portfolio.

## FINANCIAL RISK MANAGEMENT

Through its business activities, the Company is exposed to various kinds of financial risks: market risk (currency exchange risk, price risk, interest risk in cashflow), credit risk and liquidity risk. Of these, the principal risk is identified as currency risk arising from fluctuations in the GBP/USD exchange rate. In order to mitigate the financial consequences of this exchange rate fluctuation, the Company enters into forward contracts to purchase currency, based on its forecast purchasing requirements. The Company does not trade in these derivatives and if the counterparty (UK retail banks) fails to meet its payment obligations to the Company, the resulting losses are limited to the fair value of the instrument in question.

## EMPLOYEE INVOLVEMENT

The Directors place considerable value on the involvement of employees in the operation and development of the business and keep them informed on matters affecting them and the performance of the Company. Information is given at both formal and informal meetings throughout the Company.
In all employment matters, the Company maintains a commitment to an equal opportunity policy.

**DIRECTORS' REPORT**
**FOR THE 53 WEEKS ENDED 31 JANUARY 2015**

## DISABLED EMPLOYEES

The Company continues to give full and fair consideration to applications for employment by disabled persons, having regard to their respective aptitudes and abilities. The Company has continued its policy of employee involvement by making information available to employees and encouraging their participation in schemes, which are related to the Company's progress and profitability.

## DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on.........31.........August 2015 and signed on its behalf.

**A Fogg**
Secretary

## DIRECTORS' RESPONSIBILITIES STATEMENT
## FOR THE 53 WEEKS ENDED 31 JANUARY 2015

The Directors are responsible for preparing the Strategic report, 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 prepared 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 JACQUES VERT GROUP LIMITED

# Report on the financial statements

## Our opinion

In our opinion, Jacques Vert Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 January 2015 and of its loss for the 53 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 January 2015;
- the Profit and Loss Account and the Statement of Total Recognised Gains and Losses for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

# 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.

# Other matters on which we are required to report by exception

## Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## Directors' remuneration

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JACQUES VERT GROUP LIMITED**

# Responsibilities for the financial statements and the audit

## Our responsibilities and those of the directors

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

## What an audit of financial statements involves

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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

Emma Jarvis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 August 2015

# PROFIT AND LOSS ACCOUNT
## FOR THE 53 WEEKS ENDED 31 JANUARY 2015

| | | **53 Weeks ending 31 January 2015** | | | *52 Weeks ending 25 January 2014* | | |
|---|---|---|---|---|---|---|---|
| | **Note** | **Before Exceptional** | **Exceptional Items (note 3)** | **Total** | *Before Exceptional* | *Exceptional Items (note 3)* | *Total* |
| | | **£'000** | **£'000** | **£'000** | *£'000* | *£'000* | *£'000* |
| **TURNOVER** | 2 | **175,576** | **-** | **175,576** | *183,687* | *-* | *183,687* |
| Cost of sales | | **(86,223)** | **-** | **(86,223)** | *(86,955)* | *-* | *(86,955)* |
| **GROSS PROFIT** | | **89,353** | **-** | **89,353** | *96,732* | *-* | *96,732* |
| Distribution costs | | **(81,616)** | **(617)** | **(82,233)** | *(86,426)* | *-* | *(86,426)* |
| Administrative expenses | | **(18,414)** | **(19,003)** | **(37,417)** | *(22,287)* | *(457)* | *(22,744)* |
| **OPERATING LOSS** | 3 | **(10,677)** | **(19,620)** | **(30,297)** | *(11,981)* | *(457)* | *(12,438)* |
| Income from shares in group undertakings | | **-** | **-** | **-** | *240* | *-* | *240* |
| Interest receivable and similar income | 7 | **163** | **-** | **163** | *564* | *-* | *564* |
| Interest payable and similar charges | 8 | **(3,382)** | **-** | **(3,382)** | *(3,429)* | *-* | *(3,429)* |
| **LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION** | | **(13,896)** | **(19,620)** | **(33,516)** | *(14,606)* | *(457)* | *(15,063)* |
| Tax on loss on ordinary activities | 9 | **(1,336)** | **-** | **(1,336)** | *(562)* | *-* | *(562)* |
| **LOSS FOR THE FINANCIAL PERIOD** | 21 | **(15,232)** | **(19,620)** | **(34,852)** | *(15,168)* | *(457)* | *(15,625)* |

All amounts relate to continuing operations.
There are no material differences between the loss on ordinary activities before taxation and the loss for the 53 weeks ended 31 January 2015 and 52 weeks ended 25 January 2014 stated above and their historical cost equivalents.

The notes on pages 12 to 36 form part of these financial statements

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 53 WEEKS ENDED 31 JANUARY 2015

| | Note | 53 weeks ended 31 January 2015 £000 | *52 weeks ended 25 January 2014 £000* |
|---|---|---|---|
| **LOSS FOR THE FINANCIAL YEAR** | | **(34,852)** | *(15,625)* |
| Actuarial loss related to pension scheme | 20 | **(190)** | *(468)* |
| **TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR** | | **(35,042)** | *(16,093)* |

The notes on pages 12 to 36 form part of these financial statements.

## BALANCE SHEET
## AS AT 31 JANUARY 2015

| | Note | £000 | 31 January 2015 £000 | £000 | 25 January 2014 £000 |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 10 | | - | | 17,363 |
| Tangible assets | 11 | | 5,742 | | 7,615 |
| Investments | 12 | | 17,258 | | 34,658 |
| | | | 23,000 | | 59,636 |
| **CURRENT ASSETS** | | | | | |
| Stocks | 13 | 31,725 | | 35,167 | |
| Debtors | 14 | 23,251 | | 34,647 | |
| Cash at bank | | 19,871 | | 22,095 | |
| | | 74,847 | | 91,909 | |
| **CREDITORS**: amounts falling due within one year | 15 | (47,851) | | (44,928) | |
| **NET CURRENT ASSETS** | | | 26,996 | | 46,981 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 49,996 | | 106,617 |
| **CREDITORS:** amounts falling due after more than one year | 16 | | (82,229) | | (103,613) |
| **PROVISIONS FOR LIABILITIES** | | | | | |
| Other provisions | 18 | | (3,825) | | (4,020) |
| **NET (LIABILITIES)/ASSETS** | | | (36,058) | | (1,016) |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 19 | | 19,338 | | 19,338 |
| Share premium account | 21 | | 4,599 | | 4,599 |
| Merger reserve | 21 | | 969 | | 969 |
| Profit and loss account | 21 | | (60,964) | | (25,922) |
| **TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS** | 22 | | (36,058) | | (1,016) |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on ..............31..August 2015.

**S Wills**
Director

The notes on pages 12 to 36 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE 53 WEEKS ENDED 31 JANUARY 2015

1. **ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

These financial statements are prepared in accordance with United Kingdom generally accepted accounting practice (UK GAAP) under the historical cost accounting convention, on a going concern basis and in accordance with those parts of the Companies Act 2006 and applicable accounting standards. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The Company is a wholly-owned subsidiary and is included in the consolidated financial statements of Jacques Vert Holdings S.à r.l., which can be obtained from 5 rue Guillame Kroll, L-1882 Luxembourg, Luxembourg. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

**1.2 Going concern**

The Company meets its day to day working capital requirements through its bank facilities.

The current economic conditions continue to create uncertainty particularly over (a) the level of demand for ladies clothing; and (b) the availability of bank finance for the foreseeable future.

During August 2015 the Company formally renegotiated its existing banking facilities.

The Company, together with certain of its subsidiaries, has debt facilities totalling £28,500,000 with HSBC plc ("the Bank"). These comprise a £3,000,000 overdraft and a £25,500,000 million combined loan. Short term loans are repayable on a rolling basis and incur interest charges based on bank base rates in the relevant currency in which the loan is denominated.

Bank borrowings are secured by debentures and fixed and floating charges over the assets, goodwill, undertaking and uncalled capital of the Company and certain of its subsidiaries. The borrowings and overdraft facilities are subject to an Asset Coverage covenant and a Debtor Coverage covenant. Covenants are tested at the end of each financial month end.

The Bank has also agreed a USD7,500,000 forward exchange contract facility. The term of all facilities is one year, being due for renewal on 31 August 2016.

The Bank has confirmed that at the current time, it is not aware of any reason why the facilities will not be renewed for a further term of one year upon expiry on 31 August 2016, however any renewal would be subject to approval by its credit department.

The Directors believe that the Company can generate sufficient profitability and cash flows to be in a position to meet all of its liabilities as they fall due. The Directors have considered the forecast cash flows and forecast covenant headroom for a period of 24 months from the Balance Sheet date.

The Company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities.

After making enquiries of their bankers and shareholders, and having regard to future cash flow projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. The Company therefore continues to adopt the going concern basis in financial statements.

### 1.3 Cash flow

The Company is a wholly owned subsidiary of Minerva Bidco Limited and is included in the consolidated financial statements of Jacques Vert Holdings S.à r.l. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard Number 1 (Revised 1996).

### 1.4 Turnover

Turnover represents sales by the Company to third parties, net of returns, trade discounts and Value Added Tax.

Turnover is shown net of provisions for customer returns representing the Company's estimate of the amount of product sold during the period that will be returned in the following period.

Turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is generally when goods are delivered to the customer.

### 1.5 *Interest receivable and interest payable*

Interest receivable and interest payable is recognised in the income statement as it accrues.

### 1.6 Taxation

The tax charge comprises current tax payable and movement on deferred tax.

The current tax payable is provided on taxable profits using tax rates enacted or substantively enacted at the balance sheet date.

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.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 31 JANUARY 2015**

## 1. ACCOUNTING POLICIES (continued)

### 1.7 Goodwill

Assets are valued at historical cost and amortisation is calculated using the straight line method to allocate the cost over their estimated useful lives of 20 years. Goodwill is tested for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would reduce the fair value of an asset below its carrying value, an evaluation of the recoverability of the assets would take place. Should the outcome not support the carrying value revised estimates of useful lives or an impairment would occur.

### 1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset plus the costs attributable to bring the asset into working condition for its intended use. Depreciation is calculated so as to write off the cost of property, plant and equipment less any residual value over their estimated useful economic lives by equal annual instalments at the following rates:

| | | |
|---|---|---|
| Leasehold improvements | - | Remaining period of the lease |
| Plant, fixtures and equipment | - | 10% - 33% |

Asset carrying values are written down immediately to the estimated recoverable amount where the estimated recoverable amount is less than the carrying value.

### 1.9 Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

### 1.10 Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease.

The value of any lease incentives received on leasehold properties is recognised as deferred income and released to the profit and loss account on a straight-line basis over the life of the lease.

### 1.11 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises the cost of direct materials and labour and an appropriate proportion of overheads. Net realisable value is the value at which inventories can be realised in the ordinary course of business.

### 1.12 Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rates at the date of the transaction. Foreign exchange gains and losses arising from such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE 53 WEEKS ENDED 31 JANUARY 2015

### 1. ACCOUNTING POLICIES (continued)

#### 1.13 Pensions

The Company operates several defined contribution and defined benefit schemes for its employees. Defined contribution schemes are pension schemes under which the Company pays fixed contributions into separate entities. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Defined benefit schemes are pension schemes that are not defined contribution schemes.

The liability recognised in the balance sheet in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of total recognised gains and losses in the period in which they rise.

Actuarial surpluses in defined benefit schemes are recognised in the balance sheet to the extent of the expected future cash receipts from the schemes.

#### 1.14 Related party transactions

The Company has taken advantage of the exemption contained with FRS8, "Related party disclosures", and has not disclosed transactions with Group companies.

#### 1.15 Debtors

Debtors are amounts due from customers for merchandise sold in the ordinary course of business. Debtors are recognised at fair value less any provision for impairment.

#### 1.16 Creditors

Creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. After initial recognition, trade creditors are held at amortised cost.

#### 1.17 Cash at bank and in hand

Cash at bank and in hand comprises cash balances and short-term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash at bank and in hand.

## 1. ACCOUNTING POLICIES (continued)

### 1.18 Provisions

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the balance sheet date and where the likely outcome and the amount of the obligation can be measured with reasonable certainty. Provisions are discounted at an appropriate discount rate.

### 1.19 Impairments

Impairments are made against Company assets as follows:

Goodwill is allocated to each income generating unit (IGU) within the Company and the recoverable amount of each IGU is determined based on a value-in-use calculation where appropriate.

Tangible fixed assets are tested when circumstances indicate a possible impairment. In those circumstances a value-in-use calculation is performed.

Assumptions used in the calculations to assess any impairment of goodwill and tangible fixed assets are based on performance and the latest financial plans approved by the board. If the recoverable amount of an IGU is less than the carrying value of all assets allocated to that IGU, an impairment is recognised.

Goodwill is the first asset class to be impaired, followed by tangible fixed assets.

## 2. TURNOVER

The Company's activities consist solely of the retail of womenswear.

A geographical analysis of turnover by origin is as follows:

| | **53 weeks ended 31 January 2015 £000** | *52 weeks ended 25 January 2014 £000* |
|---|---|---|
| United Kingdom | **148,478** | *156,230* |
| Rest of European Union | **14,083** | *15,335* |
| Rest of world | **13,015** | *12,122* |
| | **175,576** | *183,687* |

The Company has overseas branches in Belgium and Ireland.

## 3. OPERATING LOSS

The operating loss is stated after charging:

| | **53 weeks ended 31 January 2015 £000** | *52 weeks ended 25 January 2014 £000* |
|---|---|---|
| Amortisation - intangible fixed assets | **1,310** | *1,310* |
| Operating lease rentals: | | |
| - other operating leases | **3,112** | *4,099* |
| Impairment of goodwill | **16,053** | *-* |
| Depreciation of tangible fixed assets | **3,630** | *3,532* |
| **Exceptional items:** | | |
| Restructuring Costs | **1,827** | *232* |
| Impairment of goodwill | **16,053** | *-* |
| Impairment of intercompany | **(16,940)** | *-* |
| Impairment of investment | **17,400** | *-* |
| Impairment of assets | **962** | *-* |
| Legacy property dilapidations and onerous lease | **318** | *225* |
| | **19,620** | *457* |

Exceptional items related to the impairment of goodwill, impairments for dormant intercompany balances and restructuring items. These dormant companies are currently being liquidated and consist of the Irisa Group entities, Jacques Vert Brands Ltd, The County Shirt Company Ltd, West Auck No. 48 Ltd, Planet Fashions Ltd, and Cloud Nine London Ltd. As a result of the decision to close the Planet and Kaliko brands the goodwill on the balance sheet, which predominately related to the Planet brand, has been fully impaired. Exceptional items also include charges associated with onerous leases of £318,000 (2014: £225,000) and impaired capitalised finance model design and development work.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE 53 WEEKS ENDED 31 JANUARY 2015

### 4. AUDITORS' REMUNERATION

| | 53 weeks ended 31 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|---|---|---|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | 101 | 112 |
| Fees payable to the Company's auditor in respect of: | | |
| Other assurance services | - | 12 |

### 5. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows:

| | 53 weeks ended 31 January 2015 £000 | 52 weeks ended 25 January 2014 £000 |
|---|---|---|
| Wages and salaries | 33,035 | 35,103 |
| Social security costs | 1,956 | 2,036 |
| Other pension costs | 584 | 722 |
| | 35,575 | 37,861 |

The average monthly number of employees, including the Directors, during the 53 weeks was as follows:

| | 53 weeks ended 31 January 2015 No. | 52 weeks ended 25 January 2014 No. |
|---|---|---|
| Sales, distribution and administration | 328 | 345 |
| Retail | 1,071 | 1,232 |
| | 1,399 | 1,577 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 31 JANUARY 2015

## 6. DIRECTORS' REMUNERATION

| | 53 weeks ended 31 January 2015 £000 | *52 weeks ended 25 January 2014 £000* |
|---|---|---|
| Remuneration | **1,462** | *1,203* |
| Company pension contributions to defined contribution pension schemes | **64** | *107* |

During the 53 weeks retirement benefits were accruing to 4 Directors *(2014 - 3)* in respect of defined contribution pension schemes.

No directors had a beneficial interest in the share capital of the Company as at 31 January 2015.

The highest paid Director received remuneration of £605,000 *(2014 - £562,000)*.

The highest paid Director did not exercise any share options (2014 - NIL).

Compensation paid to Directors in the year for loss of office totalled £63,000 (2014 - £0)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £32,000 *(2014 - £29,000)*.

## 7. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 53 weeks ended 31 January 2015 £000 | *52 weeks ended 25 January 2014 £000* |
|---|---|---|
| Net finance income from pension schemes | **4** | *389* |
| Interest receivable | **159** | *175* |
| | **163** | *564* |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE 53 WEEKS ENDED 31 JANUARY 2015

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

| | **53 weeks ended 31 January 2015 £000** | *52 weeks ended 25 January 2014 £000* |
|---|---|---|
| Interest on bank borrowings | **667** | *748* |
| Interest on loans from group undertakings | **2,715** | *2,681* |
| | **3,382** | *3,429* |

### 9. TAX ON LOSS ON ORDINARY ACTIVITIES

| | **53 weeks ended 31 January 2015 £000** | *52 weeks ended 25 January 2014 £000* |
|---|---|---|
| **Analysis of tax charge in the 53 weeks/period** | | |
| **Current tax** (see note below) | | |
| Foreign tax on income for the 53 weeks/period | **78** | *72* |
| **Deferred tax** (see note 17) | | |
| Origination and reversal of timing differences | **1,258** | *490* |
| **Tax on loss on ordinary activities** | **1,336** | *562* |

## 9. TAX ON LOSS ON ORDINARY ACTIVITIES *(continued)*

### Factors affecting tax charge for the 53 weeks/period

The tax assessed for the 53 weeks/period is higher than *(2014 - higher than)* the standard rate of corporation tax in the UK of 21.33% *(2014 – 23.23%)*. The differences are explained below:

| | **53 weeks ended 31 January 2015 £000** | *52 weeks ended 25 January 2014 £000* |
|---|---|---|
| Loss on ordinary activities before tax | **(33,516)** | *(15,063)* |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.33% *(2014 – 23.23%)* | **(7,149)** | *(3,495)* |
| **Effects of:** | | |
| Non-tax deductible amortisation of goodwill and impairment | **3,985** | *511* |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **585** | *460* |
| Capital allowances for 53 weeks/period in excess of depreciation | **721** | *773* |
| Higher rate taxes on overseas earnings | **78** | *72* |
| Other timing differences leading to an increase (decrease) in taxation | **(32)** | *104* |
| Unrelieved tax losses carried forward | **1,605** | *1,461* |
| Group relief surrendered not paid for | **207** | *186* |
| **Current tax charge for the 53 weeks/period** (see note above) | **78** | *72* |

### Factors that may affect future tax charges

The Company has charged depreciation in excess of capital allowances, the deferred tax assets on which have been recognised in part. This reflects the estimated recoverability of the assets in the foreseeable future. Where deferred tax assets have not been recognised this is due to uncertainty over the availability of suitable profits, matched to available tax allowances and losses, in the foreseeable future.

No deferred tax has been recognised on the unremitted earnings of overseas subsidiaries. No significant amounts of tax are expected to be payable due to availability of double tax relief and losses in the United Kingdom.

The Finance Act 2013 reduced the main rate of UK corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. Accordingly, the deferred tax balance at 31 January 2015, as included in the financial statements, has been calculated at a rate of 20%, being the rate enacted in the Finance Act (2013) and applicable to profits incurred to 1 April 2015. Furthermore, it was announced in the Summer Budget 2015, that the government will reduce the corporation tax rate from 20%, to 19% in 2017 and to 18% in 2020. These Budget changes have not been substantively enacted at the balance sheet date and consequently are not reflected in these financial statements.

## 10. INTANGIBLE FIXED ASSETS

| | Goodwill £000 |
|---|---|
| **Cost** | |
| At 26 January 2014 and 31 January 2015 | 40,080 |
| **Accumulated Amortisation** | |
| At 26 January 2014 | 22,717 |
| Charge for the 53 weeks | 1,310 |
| Impairment (note 3) | 16,053 |
| At 31 January 2015 | 40,080 |
| **Net book value** | |
| At 31 January 2015 | - |
| *At 25 January 2014* | *17,363* |

Goodwill comprised brand values acquired from subsidiary companies on 29 April 2007 and was fully impaired during the year.

## 11. TANGIBLE FIXED ASSETS

| | Leasehold improvements £000 | Plant, fixtures and equipment £000 | Total £000 |
|---|---|---|---|
| **Cost** | | | |
| At 26 January 2014 | 1,385 | 20,533 | 21,918 |
| Additions | - | 2,719 | 2,719 |
| At 31 January 2015 | 1,385 | 23,252 | 24,637 |
| **Accumulated Depreciation** | | | |
| At 26 January 2014 | 1,250 | 13,053 | 14,303 |
| Charge for the 53 weeks | 64 | 3,566 | 3,630 |
| Impairment (note 3) | - | 962 | 962 |
| At 31 January 2015 | 1,314 | 17,581 | 18,895 |
| **Net book value** | | | |
| At 31 January 2015 | 71 | 5,671 | 5,742 |
| *At 25 January 2014* | *135* | *7,480* | *7,615* |

## 12. FIXED ASSET INVESTMENTS

| | Investments in subsidiary companies £000 |
|---|---|
| **Cost** | |
| At 26 January 2014 and 31 January 2015 | 34,658 |
| **Impairment** | |
| 26 January 2014 | - |
| Impairment (note 3) | 17,400 |
| 31 January 2015 | 17,400 |
| **Net book value** | |
| At 31 January 2015 | 17,258 |
| At 25 January 2014 | *34,658* |

### Subsidiary undertakings

The following were significant subsidiary undertakings of the Company:

| Name | Class of shares | Holding |
|---|---|---|
| Jacques Vert (Canada) Inc. | Ordinary | 100% |
| Irisa Group Limited | Ordinary | 100% |
| Irisa Ireland Limited | Ordinary | 100% |
| William Baird Limited | Ordinary | 100% |
| Jacques Vert (Retail) Ltd | Ordinary | 100% |
| Baird Textile Holdings Ltd | Ordinary | 100% |
| WB Industrial Ltd | Ordinary | 100% |
| Monkland Finance Ltd | Ordinary | 100% |
| Baird Clothing Ladieswear Ltd | Ordinary | 100% |
| Thomas Marshall Investments Ltd | Ordinary | 100% |
| Baird Clothing Menswear Ltd | Ordinary | 100% |
| Windsmoor (London) Ltd | Ordinary | 100% |
| Morris Cohen (Underwear) | Ordinary | 100% |
| Jacques Vert (Far East) Ltd | Ordinary | 100% |
| Baird Outerwear Brands Philippines Ltd | Ordinary | 100% |
| Telemac (Hong Kong) Ltd | Ordinary | 100% |
| West Auck No 35 Ltd | Ordinary | 100% |
| WB Holdings BV | Ordinary | 100% |
| Darchem International Holdings BV | Ordinary | 100% |
| Matthew Royce Software Ltd | Ordinary | 100% |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE 53 WEEKS ENDED 31 JANUARY 2015

| | | |
|---|---|---|
| Matthew Royce (Manufacturing) Ltd | Ordinary | 100% |
| Jacques Vert Brands Ltd | Ordinary | 100% |
| Matthew Royce Devon Ltd | Ordinary | 100% |
| Jewellery by West Ltd | Ordinary | 100% |
| Studio 23 Collection Ltd | Ordinary | 100% |
| Jacques Vert (Wholesale) Ltd | Ordinary | 100% |
| Sequel Stores Ltd | Ordinary | 100% |
| Alain Canelle Ltd | Ordinary | 100% |
| Sequel Direct Ltd | Ordinary | 100% |
| Baird Clothing Lingerie Ltd | Ordinary | 100% |
| Telemac Ltd | Ordinary | 100% |
| The County Shirt Co Ltd | Ordinary | 100% |
| West Auck No 49 Ltd | Ordinary | 100% |
| Bairdtex Ltd | Ordinary | 100% |
| West Auck No 48 Ltd | Ordinary | 100% |
| West Auck No 50 Ltd | Ordinary | 100% |
| West Auck No 25 Ltd | Ordinary | 100% |
| Euromac SA | Ordinary | 100% |
| DBS SA | Ordinary | 100% |
| RBH International Ltd | Ordinary | 100% |
| Windsmoor Ltd | Ordinary | 100% |
| Windsmoor (Precis) Ltd | Ordinary | 100% |
| Planet Fashions Ltd | Ordinary | 100% |
| Baird Menswear Brands Ltd | Ordinary | 100% |
| Baird Outerwear Brands Ltd | Ordinary | 100% |
| Dannimac Manufacturing Ltd | Ordinary | 100% |
| Cloud Nine London Ltd | Ordinary | 100% |
| Dannimac Ltd | Ordinary | 100% |
| J R Clothes Ltd | Ordinary | 100% |
| Morris Cohen (Lingerie) Ltd | Ordinary | 100% |
| Richard I Racke Ltd | Ordinary | 100% |
| Western Reversion Trust Ltd | Ordinary | 100% |
| William Baird Industrial Ltd | Ordinary | 100% |
| Praxis Subsidiaries | Ordinary | 100% |
| Elangol Freizeitkleidung Vertriebs-GmbH | Ordinary | 100% |
| Collage Fashions Ltd | Ordinary | 100% |
| Collage Brands Ltd | Ordinary | 100% |

The Directors believe that the carrying value of the investments is supported by their underlying net assets. The Directors consider that to give particulars of all subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings at 31 January 2015 will be annexed to the Company's next annual return. An impairment of the Irisa Group Limited investment has been made this year as this company is dormant.

## 13. STOCKS

| | 31 January 2015 £000 | *25 January 2014 £000* |
|---|---|---|
| Finished goods and goods for resale | **31,725** | *35,167* |

## 14. DEBTORS

| | 31 January 2015 £000 | *25 January 2014 £000* |
|---|---|---|
| Trade debtors | **17,430** | *22,562* |
| Amounts owed by group undertakings | **4,365** | *8,758* |
| Other debtors | **80** | *156* |
| Prepayments and accrued income | **1,224** | *1,761* |
| Deferred tax asset (see note 17) | **152** | *1,410* |
| | **23,251** | *34,647* |

Provisions held against trade debtors at 31 January 2015 are £50,000 (2014: £29,000).

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

## 15. CREDITORS:

**Amounts falling due within one year**

| | 31 January 2015 £000 | *25 January 2014 £000* |
|---|---|---|
| Bank loans and overdrafts | **17,757** | *10,968* |
| Trade creditors | **14,905** | *13,051* |
| Overseas corporation tax creditor | **292** | *227* |
| Other taxation and social security | **5,764** | *6,140* |
| Other creditors | **304** | *2,579* |
| Accruals and deferred income | **8,829** | *11,963* |
| | **47,851** | *44,928* |

The Company meets its day to day working capital requirements through its bank facilities.

The current economic conditions continue to create uncertainty particularly over (a) the level of demand for ladies clothing; and (b) the availability of bank finance for the foreseeable future.

During August 2015 the Company formally renegotiated its existing banking facilities.

The Company, together with certain of its subsidiaries, has debt facilities totalling £28,500,000 with

HSBC plc ("the Bank"). These comprise a £3,000,000 overdraft and a £25,500,000 million combined loan. Short term loans are repayable on a rolling basis and incur interest charges based on bank base rates in the relevant currency in which the loan is denominated.

Bank borrowings are secured by debentures and fixed and floating charges over the assets, goodwill, undertaking and uncalled capital of the Company and certain of its subsidiaries. The borrowings and overdraft facilities are subject to an Asset Coverage covenant and a Debtor Coverage covenant. Covenants are tested at the end of each financial month end.

The Bank has also agreed a USD7,500,000 forward exchange contract facility. The term of all facilities is one year, being due for renewal on 31 August 2016.

The Bank has confirmed that at the current time, it is not aware of any reason why the facilities will not be renewed for a further term of one year upon expiry on 31 August 2016, however any renewal would be subject to approval by its credit department.

The Directors believe that the Company can generate sufficient profitability and cash flows to be in a position to meet all of its liabilities as they fall due. The Directors have considered the forecast cash flows and forecast covenant headroom for a period of 24 months from the Balance Sheet date.

The Company's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities.

After making enquiries of their bankers and shareholders, and having regard to future cash flow projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. The Company therefore continues to adopt the going concern basis in financial statements.

## 16. CREDITORS:

**Amounts falling due after more than one year**

| | **31 January 2015** | *25 January 2014* |
|---|---|---|
| | **£000** | *£000* |
| Amounts owed to group undertakings | **53,593** | *75,009* |
| Amounts owed to related parties | **28,636** | *28,604* |
| | **82,229** | *103,613* |

Amounts owed to group undertakings are unsecured, have no fixed repayment date and attract interest rates of up to 8%. Amounts owed to group undertakings have been impaired for dormant companies that are currently being or plan to be liquidated and consist of the Irisa Ireland limited, Irisa Group Limited, Jacques Vert Brands Ltd, The County Shirt Company Ltd, West Auck No. 48 Ltd, Planet Fashions Ltd, and Cloud Nine London Ltd.

## 17. DEFERRED TAX ASSET

| | 31 January 2015 £000 | *25 January 2014 £000* |
|---|---|---|
| At beginning of 53 weeks/period | **1,410** | *1,900* |
| Released during/(charged for) 53 weeks/period (P&L) | **(1,258)** | *(490)* |
| At end of 53 weeks/period | **152** | *1,410* |

The deferred tax asset is made up as follows:

| | 31 January 2015 £000 | *25 January 2014 £000* |
|---|---|---|
| Accelerated capital allowances | **152** | *1,410* |

Deferred tax assets have been recognised only to the extent that it is more likely than not that they will be recoverable against future taxable profits.

Unrecognised deferred tax assets at 31 January 2015 are £12,486,000 (2014: £9,150,000). The asset would be recovered if sufficient profits are generated. The deferred tax asset is detailed in the table below:

| | 2015 £000 | *2014 £000* |
|---|---|---|
| Depreciation in excess of capital allowances | **7,485** | *5,867* |
| Tax losses | **4,206** | *2,384* |
| Other timing differences | **795** | *899* |
| | **12,486** | *9,150* |

## 18. OTHER PROVISIONS

| | Pension schemes £000 | Legacy business provisions £000 | Total £000 |
|---|---|---|---|
| At 26 January 2014 | 9 | 4,011 | 4,020 |
| Additions | - | 610 | 610 |
| Utilised | (196) | (705) | (901) |
| Actuarial loss on pension schemes | 96 | - | 96 |
| At 31 January 2015 | (91) | 3,916 | 3,825 |

### Pension schemes

See note 20 for further details relating to the movements on the Company's pension schemes during the period.

### Legacy business provisions

Legacy business provisions relate to costs faced by the Company which do not relate to current trading activity. They comprise the costs of onerous leasehold property including dilapidations thereon.

Of the legacy business provisions held at the period end, approximately £742,000 is expected to be utilised within the next 12 months. The remaining provisions are expected to be utilised within 11 years.

## 19. CALLED UP SHARE CAPITAL

| **Allotted, called up and fully paid** | | **Share Capital £000** |
|---|---|---|
| At 26 January 2014 | 193,383,000 – Ordinary shares of £0.10 each | **19,338** |
| **At 31 January 2015** | 193,383,000 – Ordinary shares of £0.10 each | **19,338** |

## 20. PENSION COSTS

The Company operates two funded defined benefit pension schemes – the Jacques Vert Pension Scheme and the Jacques Vert (2006) Pension Scheme.

The Company also operates several defined contribution pension schemes. Contributions during the 53 weeks to the defined contribution schemes amounted to £583,000 (2014: £332,000). The amount outstanding to defined contribution pension schemes at 31 January 2015 is £80,000 (2014: £77,000).

The Jacques Vert (2006) Pension scheme was established during the year ended 26 April 2008 in respect of certain members of the former Baird Group Pension Scheme, a scheme that was wound up on 2 July 2014 pursuant to a compromise agreement between Jacques Vert Group Limited and the Trustee of the Baird Group Pension Scheme dated 7 July 2006.

Additionally, unfunded arrangements exist in respect of a small number of former employees.

Information required by FRS 17 "Retirement benefits" in relation to the defined benefit schemes is provided annually using an actuarial estimate provided by an independent actuary. All actuarial gains and losses are recognised in the Company statement of total recognised gains and losses in the period in which they arise.

The major assumptions used in producing the actuarial estimates of the defined benefit schemes at the end of the most recent financial periods were:

| | **53 weeks ended 31 January 2015** | *52 weeks ended 25 January 2014* | *39 weeks ended 26 January 2013* | *53 weeks ended 28 April 2012* | *52 weeks ended 24 April 2011* |
|---|---|---|---|---|---|
| Rate of salary increase[1] | **N/A** | **N/A** | **N/A** | *3.0%* | *3.4%* |
| Rate of increase in pensions in payment[2] | **2.8%** | *3.2%* | *3.2%* | *3.0%* | *3.4%* |
| Discount rate | **2.8%** | *4.1%* | *4.7%* | *4.8%* | *5.5%* |
| Inflation assumption (RPI) | **2.8%** | *3.2%* | *3.2%* | *3.0%* | *3.4%* |
| Inflation assumption (CPI) | **1.8%** | *2.2%* | *2.5%* | *2.3%* | *2.7%* |

1. Applies to Jacques Vert (2006) Pension scheme only.
2. Applies predominantly to Jacques Vert Pension scheme. For pensions which increase in line with CPI, a rate of 1.8% (2014: 2.2%) has been assumed.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE 53 WEEKS ENDED 31 JANUARY 2015

### 20. PENSION COSTS (continued)

Assumptions regarding future mortality rates are set based on advice from the scheme actuaries, published statistics and experience in the industry. Specifically, mortality base tables S1PMA and S1PFA are used in the valuations at 31 January 2015 and 25 January 2014. Future improvements in the current and prior year valuations use core parameters from the 2010 CMI model with a long term rate of improvement of 1.5%. The tables below displays the life expectancies used in the valuation for the current and prior year:

| | **31 January 2015** | *25 January 2014* |
|---|---|---|
| **Average life expectancies for Jacques Vert (2006) Pension Scheme** | | |
| Male retiring in 2015 | 87 yrs, 4 mnths | *88 yrs, 0 mnths* |
| Female retiring in 2015 | 89 yrs, 7 mnths | *90 yrs, 0 mnths* |
| Male retiring in 2035 | 89 yrs, 0 mnths | *87 yrs, 9 mnths* |
| Female retiring in 2035 | 91 yrs, 6 mnths | *89 yrs, 7 mnths* |
| **Average life expectancies for Jacques Vert Pension Scheme** | | |
| Male retiring in 2015 | 87 yrs, 4 mnths | *87 yrs, 7 mnths* |
| Female retiring in 2015 | 89 yrs, 7 mnths | *90 yrs, 0 mnths* |
| Male retiring in 2035 | 89 yrs, 0 mnths | *90 yrs, 1 mnth* |
| Female retiring in 2035 | 91 yrs, 6 mnths | *92 yrs, 6 mnths* |

The assets of the schemes and the expected rates of return based on the above assumptions were:

**Jacques Vert (2006) Pension Scheme**

| | **Fund value at 31 January 2015 £000** | **Long term return % p.a.** | *Fund value at 25 January 2014 £'000* | *Long term return % p.a.* |
|---|---|---|---|---|
| Investment funds | **25,328** | **N/A** | *23,522* | *5.3%* |
| Derivatives | **15,722** | **N/A** | *14,097* | *2.2%* |
| Structured debt | **39,589** | **N/A** | *30,189* | *4.1%* |
| Cash and cash equivalent | **69** | **N/A** | *1,050* | *2.1%* |
| Total market value of assets | **80,708** | | *68,858* | |

**Jacques Vert Pension Scheme**

| | **Fund value at 31 January 2015 £000** | **Long term return % p.a.** | *Fund value at 25 January 2014 £000* | *Long term return % p.a.* |
|---|---|---|---|---|
| Equities | **367** | **N/A** | *339* | *7.4%* |
| Corporate bonds | **249** | **N/A** | *216* | *4.4%* |
| Government bonds | **188** | **N/A** | *161* | *3.4%* |
| Diversified growth funds | **2,048** | **N/A** | *1,773* | *6.4%* |
| Cash and other | **7** | **N/A** | *7* | *0.5%* |
| Total market value of assets | **2,859** | | *2,496* | |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE 53 WEEKS ENDED 31 JANUARY 2015

### 20. PENSION COSTS (continued)

Valuations of the schemes were:

| | Jacques Vert (2006) Pension Scheme | | Jacques Vert Pension Scheme | |
|---|---|---|---|---|
| | **31 January 2015 £'000** | *25 January 2014 £000* | **31 January 2015 £000** | *25 January 2014 £000* |
| Present values of scheme liabilities | **(58,700)** | *(56,010)* | **(2,768)** | *(2,505)* |
| Fair value of scheme assets | **80,708** | *68,858* | **2,859** | *2,496* |
| Surplus restriction | **(22,008)** | (12,848) | - | - |
| Surplus/(deficit) | **-** | - | **91** | *(9)* |

Pension surpluses in defined benefit schemes are recognised to the extent of the expected future cash receipts from the scheme. The Jacques Vert (2006) Pension Scheme is not expected to make any future payments to the Company and accordingly the surplus on that scheme has not been recognised in the Company balance sheet.

Expected contributions to defined benefit schemes during the coming year are £128,000.

The amounts recognised in the profit and loss account are determined as follows:

| | Jacques Vert (2006) Pension Scheme | | Jacques Vert Pension Scheme | |
|---|---|---|---|---|
| | **53 weeks ended 31 January 2015 £000** | *52 weeks ended 25 January 2014 £000* | **53 weeks ended 31 January 2015 £000** | *52 weeks ended 25 January 2014 £000* |
| Expected return on scheme assets (Jacques Vert 2006 scheme - capped) | **2,748** | *2,928* | **105** | *106* |
| Interest on pension scheme liabilities | **(2,219)** | *(2,538)* | **(101)** | *(107)* |
| Restricted surplus | **(529)** | | | |
| Total interest income/(expense) | - | 390 | *4* | *(1)* |
| Current service cost | - | *(390)* | - | - |
| Total (expense)/income | **-** | - | **4** | *(1)* |

## 20. PENSION COSTS (continued)

The amounts recognised in the Statement of total recognised gains and losses comprises:

| | Jacques Vert (2006) Pension Scheme | | Jacques Vert Pension Scheme | |
|---|---|---|---|---|
| | **53 weeks ended 31 January 2015 £000** | *52 weeks ended 25 January 2014 £000* | **53 weeks ended 31 January 2015 £000** | *52 weeks ended 25 January 2014 £000* |
| Actuarial gains / (losses) on Scheme assets | **12,772** | *(1,478)* | **133** | *54* |
| Actuarial gains / (losses) on Scheme obligations | **(4,235)** | *(1,334)* | **(229)** | *(147)* |
| | **8,537** | *(2,812)* | **(96)** | *(93)* |
| Actuarial gain / (loss) in Scheme | | | | |
| Decrease / (increase) in irrecoverable surplus from membership fall and other factors | **(8,631)** | *2,437* | **-** | *-* |
| Total actuarial gain / (loss) | **(94)** | *(375)* | **(96)** | *(93)* |

Changes in the present value of the schemes' liabilities are as follows:

| | 53 weeks ended 31 January 2015 | | | |
|---|---|---|---|---|
| | **Jacques Vert (2006) Pension Scheme £000** | **Jacques Vert Pension Scheme £000** | **Total £000** | *52 weeks ended 25 January 2014 £000* |
| Opening defined benefit obligation | **56,010** | **2,505** | **58,515** | *58,195* |
| Current service cost | **-** | **-** | **-** | *390* |
| Interest cost | **2,219** | **101** | **2,320** | *2,646* |
| Actuarial (gains) / losses | **4,235** | **229** | **4,464** | *1,481* |
| Benefits and expenses paid | **(3,764)** | **(67)** | **(3,831)** | *(4,197)* |
| Closing defined benefit obligation | **58,700** | **2,768** | **61,468** | *58,515* |

## 20. PENSION COSTS (continued)

Changes in the fair value of the schemes' assets are as follows:

| | 53 weeks ended 31 January 2015 | | | |
|---|---|---|---|---|
| | **Jacques Vert (2006) Pension Scheme £000** | **Jacques Vert Pension Scheme £000** | **Total £000** | *52 weeks ended 25 January 2014 £000* |
| Opening fair value of scheme assets | **68,858** | **2,496** | **71,354** | *72,690* |
| Expected return on scheme assets | **2,748** | **105** | **2,853** | *3,034* |
| Contributions | **94** | **192** | **286** | *567* |
| Actual return on assets | **12,772** | **133** | **12,905** | *(1,478)* |
| Assets transferred in upon completion of Baird Group Pension Scheme wind up | **-** | **-** | **-** | *684* |
| Benefits paid | **(3,764)** | **(67)** | **(3,831)** | *(4,197)* |
| Actuarial gains | **-** | **-** | **-** | *54* |
| Total | **80,708** | **2,859** | **83,567** | *71,354* |

The provision for pension schemes comprises:

| | **31 January 2015 £000** | *25 January 2014 £000* |
|---|---|---|
| Net surplus on defined benefit pension schemes | **22,099** | *12,839* |
| Surplus not recognised | **(22,008)** | *(12,848)* |
| Provisions for pension schemes (see note 18) | **91** | *(9)* |

Sensitivity analysis shows the impact of the change in actuarial assumptions on the pension obligation:

| | **31 January 2015 £000** |
|---|---|
| **Jacques Vert (2006) Pension Scheme** | |
| 0.25% decrease in discount rate | **1,957** |
| 1 year increase in life expectancy | **2,200** |
| 0.25% increase in inflation | **1,758** |
| **Jacques Vert Pension Scheme** | |
| 0.25% decrease in discount rate | **113** |
| 1 year increase in life expectancy | **113** |
| 0.25% increase in inflation | **93** |

## 20. PENSION COSTS (continued)

History of pension surplus:

| | **53 weeks ended 31 January 2015 £000** | *52 weeks ended 25 January 2014 £000* | *39 weeks ended 26 January 2013 £000* | *52 weeks ended 28 April 2012 £000* | *53 weeks ended 30 April 2011 £000* |
|---|---|---|---|---|---|
| **Experience adjustments arising on schemes' assets** | | | | | |
| Amount | **12,905** | *4,072* | *3,669* | *4,181* | *971* |
| Percentage of schemes' assets | **15.4%** | *5.7%* | *5.0%* | *6.0%* | *1.5%* |
| **Experience adjustments arising on schemes' liabilities** | | | | | |
| Amount | - | *(162)* | *(1,398)* | *(3,936)* | *1,143* |
| Percentage of schemes' liabilities | - | *0.3%* | *2.4%* | *6.8%* | *2.1%* |
| Present values of schemes' liabilities | **(61,468)** | *(58,515)* | *(58,195)* | *(58,181)* | *(55,231)* |
| Present values of schemes' assets | **83,567** | *71,354* | *72,690* | *69,788* | *65,870* |
| Total surplus | **22,099** | *12,839* | *14,495* | *11,607* | *10,639* |

## 21. RESERVES

| | **Share premium account £000** | **Merger reserve £000** | **Profit and loss account £000** |
|---|---|---|---|
| At 26 January 2014 | **4,599** | **969** | **(25,922)** |
| Loss for the 53 weeks | - | - | **(34,852)** |
| Actuarial loss on pension scheme | - | - | **(190)** |
| At 31 January 2015 | **4,599** | **969** | **(60,964)** |

## 22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEFICIT)/FUNDS

| | **31 January 2015 £000** | *25 January 2014 £000* |
|---|---|---|
| Opening shareholders' funds | **(1,016)** | *15,077* |
| Loss for the 53 weeks/period | **(34,852)** | *(15,625)* |
| Actuarial loss on pension scheme | **(190)** | *(468)* |
| Closing shareholders' (deficit)/funds | **(36,058)** | *(1,016)* |

## 23. CAPITAL COMMITMENTS

At 31 January 2015 the Company had capital commitments as follows:

| | **31January 2015 £000** | *25 January 2014 £000* |
|---|---|---|
| Contracted for but not provided in these financial statements | **347** | *1,508* |

## 24. OPERATING LEASE COMMITMENTS

At 31 January 2015 the Company had annual commitments under non-cancellable operating leases as follows:

| | **Land and buildings** | | | **Other** |
|---|---|---|---|---|
| | **31 January 2015 £000** | *25 January 2014 £000* | **31 January 2015 £000** | *25 January 2014 £000* |
| **Expiry date:** | | | | |
| Within 1 year | **545** | *74* | **6** | *31* |
| Between 2 and 5 years | **1,859** | *2,392* | **19** | *45* |
| After more than 5 years | **1,424** | *1,719* | **-** | *-* |

## 25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Minerva Bidco Limited.

The ultimate parent undertaking and controlling party is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc. Jacques Vert Holdings S.à r.l. is the only undertaking to consolidate these financial statements. Group financial statements for this company can be obtained from 5 rue Guillame Kroll, L-1882 Luxembourg, Luxembourg.

## 26. POST BALANCE SHEET EVENTS

During August 2015 Jacques Vert Group Limited, a subsidiary of the Company, formally renegotiated its existing banking facilities. Full details have been included within note 15.