

Together Limited

**Directors' report and financial
statements**

Registered number 1818712
For the year ended 28 February 2013

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Directors' report

The directors present their directors' report and financial statements for the year ended 28 February 2013

Company registration number

The registration number of the company is 1818712

Principal activities and business review

The principal activity of the company is the provision of womenswear designs to leading mail order houses in the United Kingdom and overseas under the brands of Together. Royalties are payable to the company for designs sold through mail order houses. In addition to the UK office, the company has a branch in Hong Kong.

The results for the company show a loss before tax of £113,000 (2012 (£779,000)) for the year and turnover of £2,324,000 (2012 £2,478,000). The company has net liabilities of £3,804,000 (2012 net liabilities of £3,669,000).

Going concern

The current economic environment is difficult and the company has reported an operating loss for the year. The directors consider that the outlook presents significant challenges for the company to secure new customers in order to increase income. Whilst the directors have instituted measures to preserve cash and secure additional contracts, these circumstances create uncertainties over future trading results and cash flows.

An intercompany loan is provided to the company by Otto (GmbH & Co KG), Hamburg, Germany with a line of credit up to £7 million (£5.2 million drawn down as at 28 February 2013). This was due to expire on 30 June 2013. However, subsequent to the year end the intercompany loan has been extended to 30 June 2014.

After making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Principal risks and uncertainties

Together specialise in the design of womenswear designs for the 35+ mail order market, and in the past has sought to extend its offer to more customers outside of the Otto Group.

The principal risk for the company is that the designs created will not be selected by their customers to be featured in their action chain.

Key performance indicators

The sales and costs generated by the collections developed are monitored on a regular basis.

Proposed dividend

No dividend was paid or proposed during the year (2012 £nil).

Directors' report *(continued)*

Directors

The directors who held office during the year and to the date of this report were as follows

J Brennan
K Tulleners – resigned 1 October 2012
J Hinchcliffe – appointed 1 October 2012
A Strudwick

Charitable and political contributions

The company made no political or charitable donations or incurred any political expenditure during the year (2012 £nil)

Disclosure of information to auditors

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

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board


L Gladdish
Secretary

28 June 2013

26-28 Conway Street
London
W1T 6BH

Company registered number 1818712

2013

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

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Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of Together Limited

We have audited the financial statements of Together Limited for the year ended 28 February 2013 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 February 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Together Limited *(continued)*

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



Johnathan Pass (Senior Statutory Auditor)

For and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
West Yorkshire
LS1 4DW

28 June 2013

Profit and loss account

for the year ended 28 February 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover	<i>1</i>	2,324	2,478
Cost of sales		(1,243)	(2,037)
Gross profit		1,081	441
Distribution costs		(457)	(434)
Administrative expenses		(376)	(408)
Operating profit /(loss)		248	(401)
Interest receivable and similar income	<i>6</i>	-	-
Interest payable and similar charges	<i>6</i>	(361)	(378)
Loss on ordinary activities before taxation	<i>2</i>	(113)	(779)
Tax on loss on ordinary activities	<i>7</i>	(22)	(33)
Loss on ordinary activities after taxation		(135)	(812)

All of the above transactions relate to continuing activities

A statement of total recognised gains and losses has not been included as part of these financial statements as the company has recognised no gains or losses other than those disclosed in the profit and loss account

The notes on pages 8 to 16 form part of these financial statements

Balance sheet

at 28 February 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	8	28	42
Current assets			
Debtors	9	1,645	1,630
Cash at bank and in hand		165	84
		<u>1,810</u>	<u>1,714</u>
Creditors' amounts falling due within one year	10	<u>(5,642)</u>	<u>(5,424)</u>
Net current liabilities		<u>(3,832)</u>	<u>(3,710)</u>
Total assets less current liabilities		<u>(3,804)</u>	<u>(3,668)</u>
Provisions for liabilities and charges	11	-	(1)
Net liabilities		<u>(3,804)</u>	<u>(3,669)</u>
Capital and reserves			
Called up share capital	12	200	200
Share premium		5,800	5,800
Profit and loss account		<u>(9,804)</u>	<u>(9,669)</u>
Shareholders' deficit	13	<u>(3,804)</u>	<u>(3,669)</u>

The notes on pages 8 to 16 form part of these financial statements

These financial statements were approved by the board of directors on 28 June 2013 and were signed on its behalf by

J Brennan
Director

Company registration number 1818712

Notes (forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Otto Aktiengesellschaft fuer Beteiligungen, Hamburg, Germany and its cash flows are included within the consolidated cash flow of that company

As the company is a wholly owned subsidiary of Otto Aktiengesellschaft fuer Beteiligungen, Hamburg, Germany the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances wholly owned subsidiaries which form part of the group. The consolidated financial statements of Otto Aktiengesellschaft fuer Beteiligungen, Hamburg, Germany within which this company is included, can be obtained from the electronic Federal Gazette (Bundesanzeiger) at www.ebundesanzeiger.de only

Going Concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the reasons set out below. As described more fully in the directors' report, the current economic environment is difficult and the company has reported an operating loss for the year ending 28 February 2013, and as at that date, the company's current liabilities exceeded its assets by £3,804,000. An intercompany loan is provided to the company by Otto (GmbH & Co KG), Hamburg, Germany with a line of credit up to £7 million (£5.2 million drawn down as at 28 February 2013). This facility was due to expire on 30 June 2013. However, subsequent to the year end the intercompany loan has been extended to 30 June 2014.

The directors instigated a cost reduction programme at the beginning of 2011 which enabled the company to finance the expenditure of the year in addition to not increasing the intercompany loan amount.

In light of the factors described above, the directors believe that the going concern assumption is appropriate as the group facility remains in place.

Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to customers and franchise income receivable during the year. The company has taken advantage of the exemptions given by SSAP 25 not to disclose segmental information.

Leases

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

Notes (continued)

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold improvements	-	5 years
Plant and machinery	-	2 to 5 years
Motor vehicles	-	2 to 5 years
Fixtures, fittings, tools and equipment	-	2 to 5 years

Design costs

Design costs relating to future seasons, where the designs are not yet available for sale, are included in prepayments.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Where a forward foreign exchange contract has been entered into for the purpose of hedging against income in foreign currency, the rate specified in the contract has been used to value assets and liabilities at the balance sheet date.

Notes (continued)

2 Loss on ordinary activities before taxation

	2013 £000	2012 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets	23	30
Rentals payable under operating leases		
- plant and machinery	39	43
- other	180	191
	<u> </u>	<u> </u>

3 Auditors remuneration

	2013 £000	2012 £000
<i>Auditors remuneration</i>		
Audit of these financial statements	26	30
Amounts receivable by the auditors and their associates in respect of		
Other services relating to taxation	-	12
	<u> </u>	<u> </u>
	26	42
	<u> </u>	<u> </u>

4 Remuneration of directors

	2013 £000	2012 £000
Directors' emoluments		
As directors	180	168
	<u> </u>	<u> </u>

The emoluments of the highest paid director were £179,763 (2012 £167,965), and company pension contributions of £8,200 (2012 £8,200) were made to a money purchase scheme on behalf of this director

Retirement benefits are accruing to the following number of directors under

	Number of directors 2013	2012
Money purchase schemes	1	1
	<u> </u>	<u> </u>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2013	2012
Sales	6	6
Administration	2	2
Design and sampling	18	20
	<u>26</u>	<u>28</u>

The aggregate payroll costs of these persons were as follows

	2013 £000	2012 £000
Wages and salaries	1,120	1,119
Social security costs	98	95
Other pension costs (see note 16)	23	23
	<u>1,241</u>	<u>1,237</u>

6 Interest payable and similar charges

	2013 £000	2012 £000
Amounts payable on intercompany loan	346	362
Net loss on foreign exchange transactions	15	16
	<u>361</u>	<u>378</u>

Notes (continued)

7 Taxation

	2013 £000	2012 £000
<i>Current taxation</i>		
Overseas taxation	22	33

Factors affecting current period tax charge

The current tax charge for the period is higher (2012 higher) than the standard rate of corporation tax in the UK 24% (2012 26%). The differences are explained below

	2013 £000	2012 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(113)	(779)
Current tax at 24% (2012 26%)	(27)	(203)
<i>Effects of</i>		
Items not deductible for tax purposes	94	114
Trading losses brought forward	(49)	-
Trading losses carried forward	-	82
Depreciation for period in excess of capital allowances	(18)	7
Overseas withholding tax suffered/(received)	22	33
Current tax charge	22	33

The potential deferred tax asset has not been recognised in the financial statements as there is currently inadequate certainty that the company will have sufficient profits to use this in the near future. The full potential asset, at 23% (2012 25%) is as follows

	2013 Potential asset £000	2012 Potential asset £000
Difference between accumulated depreciation and capital allowances	93	122
Trading losses	1,628	1,796
Other	-	-
	1,721	1,918

Notes (continued)

8 Tangible fixed assets

	Short leasehold improvements £000	Plant and machinery and motor vehicles £000	Fixtures, fittings, tools and equipment £000	Total £000
<i>Cost</i>				
At beginning of year	180	218	45	443
Additions	-	9	-	9
Disposals	(135)	(55)	(6)	(196)
At end of year	45	172	39	256
<i>Depreciation</i>				
At beginning of year	151	206	44	401
Charge for year	13	9	1	23
Disposals	(135)	(55)	(6)	(196)
At end of year	29	160	39	228
<i>Net book value</i>				
At 28 February 2013	16	12	-	28
At 29 February 2012	29	12	1	42

Notes *(continued)*

9 Debtors

	2013 £000	2012 £000
Trade debtors	379	325
Amounts owed by group undertakings	279	200
Other debtors	32	37
Prepayments and accrued income	955	1,068
	<u>1,645</u>	<u>1,630</u>

10 Creditors, amounts falling due within one year

	2013 £000	2012 £000
Intercompany loan	5,198	5,218
Trade creditors	228	75
Amounts owed to group undertakings	74	25
Taxes and social security	45	28
Other creditors	30	17
Accruals and deferred income	67	61
	<u>5,642</u>	<u>5,424</u>

The intercompany loan is repayable on 30 June 2014

11 Provisions for liabilities and charges

	Long service payment provision £000
At 1 March 2012	1
Utilised in the year	(1)
	<u>-</u>
At 28 February 2013	-

The provision for long service payments has been made in respect of a number of employees of Together's Hong Kong branch. Full provision has been made in respect of long service payments that would have to be made, under a Local Employment Ordinance, to those employees if they had resigned at the balance sheet date.

Notes *(continued)*

12 Called up share capital

	2013 £000	2012 £000
<i>Authorised</i>		
1,000,000 ordinary class 'A' shares of £1 each	1,000	1,000
1,000,000 ordinary class 'B' shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>
<i>Allotted, called up and fully paid</i>		
100,001 ordinary class 'A' shares of £1 each	100	100
100,001 ordinary class 'B' shares of £1 each	100	100
	<u>200</u>	<u>200</u>

The ordinary "A" shares and "B" shares rank pari passu

13 Reconciliation of movements in reserves and shareholders' deficit

	2013 £000	2012 £000
Opening shareholders' deficit	(3,669)	(2,857)
Retained loss for the year	(135)	(812)
	<u>(3,804)</u>	<u>(3,669)</u>
Closing shareholders' deficit	<u>(3,804)</u>	<u>(3,669)</u>

14 Profit and Loss account

	2013 £000	2012 £000
At start of the period	(9,669)	(8,857)
Loss after taxation	(135)	(812)
	<u>(9,804)</u>	<u>(9,669)</u>
At the end of the year	<u>(9,804)</u>	<u>(9,669)</u>

Notes (continued)

15 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2013		2012	
	Other	Land and buildings	Other	Land and buildings
	£000	£000	£000	£000
Operating leases which expire				
Within one year	30	133	31	166
In the second to fifth years inclusive	41	121	6	-
	<u>71</u>	<u>254</u>	<u>37</u>	<u>166</u>

16 Transactions with Directors

During the year, the company made a number of payments on behalf of its directors, on which no interest was charged, and the amounts are fully recoverable. The balances at the beginning and end of the year and highest balances outstanding at any point during the year are set out below

Director	At 1 March 2012 £	At 29 February 2013 £	Highest balance £
Mrs J Brennan	32	-	1,761

17 Pension scheme

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £23,000 (2012 £23,000).

Contributions amounting to £ 3,000 (2012 £3,000) were payable to the scheme and are included in creditors.

18 Ultimate parent undertaking

The immediate parent undertaking of the Company is Freemans Grattan Holdings Limited, a company incorporated in England and Wales. The company is a subsidiary undertaking of Otto Aktiengesellschaft fuer Beteiligungen, Hamburg, Germany which is the ultimate parent company incorporated in Germany.

The smallest group in which the results of the company are consolidated is that headed by Otto (GmbH & Co KG), Hamburg, incorporated in Germany. The largest group in which the results of the company are consolidated is that headed by Otto Aktiengesellschaft fuer Beteiligungen, Hamburg incorporated in Germany. The consolidated accounts of Otto Aktiengesellschaft fuer Beteiligungen, Hamburg, Germany are only available in electronic form to the public at www.ebundesanzeiger.de