NO ORDINARY SHOES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Registered number: 2096981

NO ORDINARY SHOES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors have pleasure in submitting their report and the audited financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity during the year was the design, sourcing, marketing and distribution of footwear in the UK and internationally This is not expected to change in the coming year

Given the prevalence of uncertainty arising from political and economic instability in the global market, as well as the inherent risks faced by the business, the directors' acknowledge that the future year will be a challenging period However, through a combination of strong industry knowledge and robust long term strategic planning the directors' remain confident that the business will continue to meet the challenges

Principal risks and uncertainties
The directors of Pentland Group plc (the ultimate parent company) manage the group's risk at a group level, rather than at an individual entity level, including financial risk management For this reason, the company's directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance or position of No Ordinary Shoes Limited's business

The principal risks and uncertainties of Pentland Group plc, which include those of the Company, are discussed in the group's annual report which does not form part of this report Copies of the Pentland Group plc consolidated financial statements are available from the company secretary at 8 Manchester Square, London, W1U 3PH

Key performance indicators
Given the straightforward nature of the business, the company's directors are of the opinion that an analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

RESULTS AND DIVIDENDS

The company's loss for the financial year is £538k (2010 £826k) and is shown in the profit and loss account on page 6 The directors do not recommend the payment of a dividend (2010 £nil)

DIRECTORS

The following directors who held office during the year and up to the date of signing the financial statements, were

L Vishwanathan
M Rock
A K Rubin
A M Long
P J Campbell

QUALIFYING THIRD PARTY AND PENSION SCHEME LIABILITY PROVISIONS
The Company has made qualifying third party indemnity provisions for the benefit of its directors and the secretary which were made during the year and remain in force at the date of this report

GOING CONCERN

The financial statements have been prepared on a going concern basis as the ultimate parent undertaking has indicated its intention to provide continuing financial support to the company for at least the next twelve months

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information, being information required by the auditors in connection with the preparation of the auditors report, of which the auditors are unaware Having made enquiries of fellow directors and the group auditors, 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 auditors are aware of that information

INDEPENDENT AUDITORS

Pursuant to sections 485-488 of the Companies Act 2006, PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an annual general meeting

By order of the board

P J Campbell
Company secretary
21 February 2012

NO ORDINARY SHOES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NO ORDINARY SHOES LIMITED

We have audited the financial statements of No Ordinary Shoes Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 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)

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 2 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

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

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 directors' report and financial statements 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 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 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NO ORDINARY SHOES LIMITED (continued)

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

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

ALees

Alison Lees (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 February 2012

NO ORDINARY SHOES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	**2011** **£'000**	2010 £'000
Turnover	3	**12,213**	9,581
Loss on ordinary activities before taxation	4	**(538)**	(826)
Tax on loss on ordinary activities	6	**-**	-
Loss for the financial year	13	**(538)**	(826)

All amounts relate to continuing operations

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents

NO ORDINARY SHOES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	7	**102**	165
Current assets			
Stocks	8	**3,151**	1,367
Debtors	9	**1,433**	1,833
Cash at bank and in hand		**1**	66
		4,585	3,266
Creditors amounts falling due within one year	10	**(6,032)**	(4,238)
Net current liabilities		**(1,447)**	(972)
Total assets less current liabilities		**(1,345)**	(807)
Net liabilities		**(1,345)**	(807)
Capital and reserves			
Called up share capital	12	**-**	-
Profit and loss account	13	**(1,345)**	(807)
Total shareholders' deficit		**(1,345)**	(807)

The financial statements on pages 5 to 13 were approved by the board of directors on 21 February 2012 and signed on its behalf by

A M Long
Director

Registered number· 2096981

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

Basis of preparation These financial statements are prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom A summary of the more important accounting policies, which have been applied consistently with the prior year, is given in the following paragraphs

The financial statements have been prepared on a going concern basis as the ultimate holding company, Pentland Group plc, has committed to provide full financial support to enable the company to meet its liabilities as they fall due for at least the next twelve months

Tangible fixed assets and depreciation Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis The expected useful lives of the assets to the business are reassessed periodically The expected useful life of plant and equipment is two to five years, fixtures and fittings three to ten years, both on a straight line basis

Stock Stock is valued at the lower of cost, determined on a FIFO method, and estimated net realisable value Where necessary, provision is made for obsolete, slow moving and defective stock

Foreign currencies Transactions in foreign currencies during the year are translated at the rate of exchange applicable at the transaction date, or if hedged forward, at the contracted rate Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, or contracted rates where hedging arrangements are in place

Turnover Turnover comprises the value of external sales excluding sales related taxes Sales are recognised as they are invoiced following the passing of the title of goods

Retirement benefits The company's employees can either be members of the defined benefit or defined contribution pension schemes The total expense recognised in the profit and loss account in relation to pensions represents the actual contribution paid into the defined contribution scheme on behalf of employees No contributions have been made in the year

The impact of Financial Reporting Standard (FRS17) Retirement Benefits on the defined benefit pension scheme have not been applied to the financial statements as the employer is unable to identify its share of the underlying assets and liabilities The disclosures required under FRS 17 Retirement Benefits are disclosed in the financial statements of Pentland Group plc, the company's ultimate parent undertaking

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

1 ACCOUNTING POLICIES (continued)

Deferred tax (continued)

- Provision is made for gains on disposal of tangible fixed assets that have been rolled over into replacement assets only if, at the balance sheet date, there is a commitment to dispose of the replacement assets

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

- Deferred tax is measured on a non-discounted basis at the average 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

The deferred tax for the period and any adjustments in respect of previous periods are recognised in the profit and loss account

2 CASH FLOW STATEMENT

Pentland Group plc, of which the company is a wholly owned subsidiary, has presented in its consolidated financial statements a group cash flow statement drawn up under the provisions of Financial Reporting Standard 1 (Revised 1996) Cash Flow Statements (FRS 1) Accordingly, the company has taken advantage of the exemption available under FRS 1 to dispense with presenting its own cash flow statement

3 TURNOVER

Turnover by destination is analysed by geographical area as follows

	2011 £'000	2010 £'000
United Kingdom	**9,967**	8,258
Europe	**288**	127
North America	**1,147**	665
Rest of the World	**811**	531
	12,213	9,581

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011 £'000	2010 £'000
Turnover	**12,213**	9,581
Cost of sales	**(8,582)**	(6,809)
Gross profit	**3,631**	2,772
Net operating expenses		
Distribution costs	**(742)**	(855)
Administrative expenses	**(3,427)**	(2,743)
Loss on ordinary activities before taxation	**(538)**	(826)

The following are included within the operating loss:	2011 £'000	2010 £'000
Staff costs:		
Wages and salaries	**1,011**	837
Social security costs	**150**	99
Other pension costs	**31**	39
	1,192	975
Depreciation of tangible fixed assets	**164**	161
Auditors' remuneration – audit services	**7**	7

5 DIRECTORS AND EMPLOYEES

The average monthly number of persons over the year, including directors, employed by the company during the year was

	2011 Number	2010 Number
By activity:		
Management and administration	**12**	10
Selling and distribution	**11**	9
	23	19

NO ORDINARY SHOES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

5 DIRECTORS AND EMPLOYEES (continued)

Directors' emoluments

	2011	2010
	£'000	£'000
Aggregate emoluments	**218**	157

The emoluments of the highest paid director, excluding pension contributions, were £218,314 (2010: £156,849)

6 TAX ON LOSS ON ORDINARY ACTIVITIES

Based upon the results for the current and prior year there was no tax payable

The tax assessed for the year is higher (2010 higher) than the standard rate of corporation tax in the UK of 26 5% (2010 28%) The differences are explained below

	2011	2010
	£'000	£'000
Loss on ordinary activities before taxation	**(538)**	(826)
Loss on ordinary activities multiplied by the average rate in the UK of 26 5% (2010 28%)	**(143)**	(231)
Effects of		
Group relief claimed/surrendered for £nil consideration	**111**	207
Depreciation in excess of capital allowances and other timing differences	**16**	39
Tax rate change impact	**16**	-
Adjustment in respect of prior years	**-**	(15)
Current tax charge for the year	**-**	-

During the year, a change in the UK main corporation tax rate from 28% to 26% was substantively enacted and was effective from 1 April 2011 A further reduction to 25% was also substantively enacted and will be effective from 1 April 2012

7 TANGIBLE ASSETS

	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2011	392	54	446
Additions	90	11	101
At 31 December 2011	**482**	**65**	**547**
Accumulated depreciation			
At 1 January 2011	234	47	281
Charge for the year	155	9	164
At 31 December 2011	**389**	**56**	**445**
Net book value			
At 31 December 2011	93	9	102
At 31 December 2010	158	7	165

8 STOCK

The company's stock consists of finished goods held for resale and consumables (shoe boxes) There is no material difference between the replacement cost of stock and the amount disclosed

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Trade debtors	**1,341**	1,736
Amounts owed by fellow subsidiary undertakings	**45**	53
Other debtors	**33**	13
Prepayments and accrued income	**14**	31
	1,433	1,833

Amounts owed by fellow subsidiary undertakings are unsecured, interest free and have no fixed date of repayment

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Trade creditors	**75**	98
Social security and taxation	**359**	258
Amounts owed to fellow subsidiary undertakings	**989**	1,969
Amounts owed to parent undertakings	**3,934**	1,447
Other creditors	**110**	35
Accruals	**565**	431
	6,032	4,238

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and have no fixed date of repayment

Amount owed to the parent undertaking relates to a short term cash balance which is interest free and is repayable on demand

11 DEFERRED TAXATION

The full potential deferred taxation asset, which has not been recognised, is as follows

	2011	2010
	£'000	£'000
Depreciation in excess of capital allowances	**97**	96
Other timing differences	**50**	35
	147	131

The directors consider that there is insufficient certainty that there will be taxable profits within the Pentland Group plc tax group in the foreseeable future such as to realise the deferred tax asset, and therefore the asset has not been recognised in these financial statements

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

12 CALLED UP SHARE CAPITAL

	2011	2010
	£'000	£'000
Authorised		
1,000 ordinary shares of £1 each	**1**	1

	2011	2010
	£	£
Allotted and fully paid		
2 ordinary shares of £1 each	**2**	2

13 PROFIT AND LOSS ACCOUNT

	2011	2010
	£'000	£'000
At 1 January	**(807)**	19
Loss for the financial year	**(538)**	(826)
At 31 December	**(1,345)**	(807)

14 COMMITMENTS AND CONTINGENCIES

Bank overdrafts are reported gross but the company and its UK fellow subsidiary undertakings have arrangements with their clearing banks whereby sterling and, if applicable, US dollar and euro cleared credit balances are set off against the respective sterling and foreign currency cleared debit balances on their current accounts and interest is paid only on the aggregate net overdrafts

The company is party to a guarantee in favour of its bank regarding the aggregate indebtedness on the cleared current account balances in sterling, US dollars and euros respectively of Pentland Group plc and of several UK fellow subsidiaries, which together comprise the overdraft group and participate in the set-off arrangements with the bank

The company's liability under the guarantee is limited to the lower of the account indebtedness of the relevant group companies and its own current account credit balances in sterling and the respective foreign currencies with the bank

15 RELATED PARTIES

Pentland Group plc, of which the company is a wholly owned subsidiary, has presented in its consolidated financial statements, which are publicly available, a related parties disclosure note under the provisions of Financial Reporting Standard 8 Related Party Disclosures (FRS 8) Accordingly, the company has taken advantage of the exemption available under FRS 8 to dispense with disclosing related party transactions with wholly owned subsidiaries within the group, or investees of the group, qualifying as related parties

16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking is Pentland Group plc, a company registered in England R S Rubin and his close family are considered the ultimate controlling party by virtue of their control of Pentland Group plc Consolidated financial statements have been prepared by Pentland Group plc, which is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements for the year ended 31 December 2011 The consolidated financial statements of Pentland Group plc can be obtained from the Company's registered office at 8 Manchester Square, London, W1U 3PH