Grant Thornton

Financial Statements
Crew Clothing Co. Limited

For the Year Ended 26 October 2008

Company No. 03265824

Company information

Company registration number	03265824
Registered office	20 Lydden Road London SW18 4LR
Directors	Alastair Parker-Swift James Pascoe Justin Hampshire Luke Underhill Robert Parker-Swift
Secretary	Justin Hampshire
Bankers	Lloyds TSB Bank Plc 10 Gresham Street London EC2V 7AE
Solicitors	Pinsent Masons City Point One Ropemaker Street London EC2Y 9AH
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Churchill House Chalvey Road East Slough SL1 2LS

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 26 October 2008.

Principal activities and business review
The principal activity of the company in the year under review has been that of design and sale of fashion clothing and accessories. The company has continued to use different channels in the sales of clothing and accessories and these include retail outlets, direct (mail order and internet at www.crewclothing.co.uk) and wholesale. The company also trades at several prestigious shows held during the year.

During the year the company has continued to improve its position as a leading British high quality brand. We have made further investments in new stores, opening in Henley, Windsor, Harrogate, Reigate, Cambridge, Southampton - West Quay Street, Richmond, Bristol - Cabots Circus, and concessions in Austin Reed, Harrods and five House of Fraser stores. In other channels of distribution we have continued to improve the operation to ensure excellent customer service and response times. These investments have contributed to the increase in the company's profitability for the year.

The company closely monitors the key performance indicators of the company on a weekly basis and in more detail on a monthly basis. Particular attention is paid to like for like trading data, with an analysis of variances which arise in individual outlets and a focus on correcting any negative or adverse trends which develop. Other key indicators of performance such as stock holding and operating margins are also closely monitored and compared to forecast with appropriate action being taken on a timely basis as and when necessary.

Since the year end we have opened stores at Ringwood and Ilkley and have limited future store openings scheduled during the year. The company is confident in the success of these stores and also, with the continued improvement in systems and processes within the business, remains confident for the year ahead.

Results and dividends
The profit for the year amounted to £990,431 (2007 - £842,163). The directors have not recommended a dividend.

Financial risk management objectives and policies
The company uses various financial instruments which include loans, cash, and various other items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. In order to manage the company's exposure to those risks, in particular the company's exposure to currency risk, the company enters into a limited number of derivative transactions including, but not limited to, forward foreign currency contracts.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the company's financial instruments are currency risk, liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised hereafter. These policies have remained substantially unchanged from previous years.

Report of the directors (continued)

Currency risk

The company is exposed to transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not adopt an accounting policy of hedge accounting for these financial statements.

Less than 1% of the company's sales (2007 - 1%) are invoiced to customers in currencies other than sterling. These sales are priced in sterling but invoiced in the currencies of the customers involved. Due to the immaterial nature of these sales, the company policy is not to seek to eliminate any currency exposures on these balances.

About 7% of the company's purchases (2007 - 5%) are invoiced to the company in currencies other than sterling. The company policy is to use forward currency contracts to minimise the risk associated with this exposure.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to deposit any surplus cash.

Short-term flexibility is achieved by the availability of overdraft facilities.

Interest rate risk

The company finances its operations through a mixture of retained profits and short-term bank borrowings. Interest rates on bank borrowings are linked to the UK base rate.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash balances is managed by the group monitoring the financial position of the counterparties involved.

In order to manage credit risk arising from trade debtors the directors set limits for customers based on a combination of payment history and size of account. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history, and are adjusted each season.

Report of the directors (continued)

Directors
The directors who served the company during the year are set out below.

Alastair Parker-Swift
James Pascoe
Justin Hampshire
Luke Underhill
Robert Parker-Swift

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements 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
- 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 proper accounting records that 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 1985. 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.

Report of the directors (continued)

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor
Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2)of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

Justin Hampshire

Secretary

Date: 11\3\09

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Report of the independent auditor to the members of Crew Clothing Co. Limited

We have audited the financial statements of Crew Clothing Co. Limited for the year ended 26 October 2008 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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Report of the independent auditor to the members of Crew Clothing Co. Limited (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 26 October 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH

Date: 13 March 2009

Principal accounting policies

Basis of preparation
The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The accounting policies adopted by the company are set out below and remain unchanged from the prior year. The directors have reviewed the accounting policies and conclude that they remain the most appropriate for the company.

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) 'Cash Flow Statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover
Turnover is the total amount receivable by the company, less credits and returns, in the ordinary course of business with customers for goods supplied, excluding VAT and trade discounts. Turnover is recognised at the point of delivery to the customer.

Goodwill
Purchased goodwill, representing the excess of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life.

Tangible fixed assets and depreciation
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% on cost
Leasehold property	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leased assets
Assets held under finance leases and hire purchase contracts where substantially all the risks and rewards of ownership are transferred to the lessee are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs
The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Principal accounting policies (continued)

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more tax in the future.

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to reserves.

Profit and loss account

	Note	2008 £	2007 £
Turnover	1	21,988,119	16,429,639
Cost of sales		7,984,226	5,932,572
Gross profit		14,003,893	10,497,067
Administrative expenses		12,715,371	9,368,158
Operating profit	2	1,288,522	1,128,909
Interest payable and similar charges	4	31,328	61,473
Interest received		(26,693)	-
Profit on ordinary activities before taxation	1	1,283,887	1,067,436
Tax on profit on ordinary activities	6	293,456	225,273
Profit for the financial year	21	990,431	842,163

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the profit for the year.

Balance sheet

	Note	26 October 2008 £	28 October 2007 £
Fixed assets			
Intangible assets	7	1	1
Tangible assets	8	2,898,524	1,565,790
		2,898,525	1,565,791
Current assets			
Stocks	9	4,299,374	3,272,653
Debtors	10	1,575,200	1,298,989
Cash at bank and in hand		1,326,301	1,120,328
		7,200,875	5,691,970
Creditors: amounts falling due within one year	12	6,618,287	4,768,132
Net current assets		582,588	923,838
Total assets less current liabilities		3,481,113	2,489,629
Creditors: amounts falling due after more than one year	13	-	15,433
Provisions for liabilities and charges	11/14	63,660	47,174
		3,417,453	2,427,022
Capital and reserves			
Called-up share capital	19	250,000	250,000
Profit and loss account	20	3,167,453	2,177,022
Shareholders' funds	21	3,417,453	2,427,022

These financial statements were approved by the directors on 11/07/2009 and are signed on their behalf by:

A Parker-Swift

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements (continued)

1 **Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company. All turnover arose in the United Kingdom.

2 **Operating profit**

Operating profit is stated after charging:

	2008	2007
	£	£
Hire of plant and machinery	40,708	12,129
Depreciation:		
Owned fixed assets	657,522	399,628
Assets held under finance lease and time purchase agreements	44,182	48,705
Loss on disposal of fixed assets	18,113	-
Auditor's remuneration:		
Audit fees	19,500	22,150
Other non-audit services	1,500	8,000
Taxation fees	3,750	7,650
Operating lease costs:		
Land and buildings	1,895,524	1,388,456
Write off of purchase ledger debit balances	86,434	-

The write off of purchase ledger debit balances relates to old balances identified by management during the year, relating to the period prior to the acquisition of Crew Clothing Co. Limited by Crew Clothing Holdings Limited on 14 November 2006, which are historic errors in the accounting records and do not relate to recoverable amounts.

3 **Staff costs**

	2008	2007
	£	£
Wages and salaries	3,797,520	2,630,795
Social security costs	284,448	208,592
Other pension costs	13,340	14,238
	4,095,308	2,853,625

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Sales	154	120
Warehousing and distribution	18	7
Control and administration	37	28
	209	155

Remuneration in respect of directors for the year was £nil (2007 - £nil). All directors are remunerated by Crew Clothing Holdings Limited.

Notes to the financial statements (continued)

4 Interest payable and similar charges

	2008	2007
	£	£
Bank interest	13,469	23,555
Hire purchase	17,859	37,918
	31,328	61,473

6 Taxation on profit on ordinary activities

(a) Analysis of charge in the year

	2008	2007
	£	£
Current tax:		
Corporation tax	276,970	181,152
Adjustments to tax charge in respect of previous periods	-	(11,347)
Total current tax	276,970	169,805
Deferred tax:		
Origination and reversal of timing differences	16,486	55,468
Tax on profit on ordinary activities	293,456	225,273

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2007 - 30%). The difference is explained as follows:

	2008	2007
	£	£
Profit on ordinary activities before taxation	1,283,887	1,067,436
Profit on ordinary activities multiplied by rate of tax	359,488	320,231
Depreciation in excess of capital allowances	69,992	30,085
Permanent differences	4,304	(5,438)
Group relief	(164,947)	(160,272)
Marginal relief	-	(3,454)
Change in UK tax rates	8,133	-
Adjustments in respect of previous periods	-	(11,347)
Total current tax (note 6(a))	276,970	169,805

Notes to the financial statements (continued)

7 Intangible fixed assets

	Goodwill £
Cost	
At 29 October 2007 and 26 October 2008	1
Net book value	
At 29 October 2007 and 26 October 2008	1

8 Tangible fixed assets

	Freehold property £	Leasehold property £	Fixtures and fittings £	Computer equipment £	Totals £
Cost					
At 29 October 2007	22,000	1,969,995	1,889,074	174,578	4,055,647
Additions	-	1,832,055	176,742	43,754	2,052,551
Disposals	(22,000)	-	-	-	(22,000)
At 26 October 2008	-	3,802,050	2,065,816	218,332	6,086,198
Depreciation					
At 29 October 2007	3,887	911,494	1,448,137	126,339	2,489,857
Charge for the year	-	418,291	249,476	33,937	701,704
Eliminated on disposals	(3,887)	-	-	-	(3,887)
At 26 October 2008	-	1,329,785	1,697,613	160,276	3,187,674
Net book value					
At 26 October 2008	-	2,472,265	368,203	58,056	2,898,524
At 29 October 2007	18,113	1,058,501	440,937	48,239	1,565,790

Included within the net book value of £2,898,524 (2007 - £1,565,790) is £109,266 (2007 - £153,448) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £44,182 (2007 - £48,705).

Notes to the financial statements (continued)

9 Stocks

	26 Oct 2008	28 Oct 2007
	£	£
Goods for resale	4,299,374	3,272,653

10 Debtors

	26 Oct 2008	28 Oct 2007
	£	£
Trade debtors	376,046	511,433
Other debtors	151,242	9,761
Prepayments and accrued income	1,047,912	777,795
	1,575,200	1,298,989

Notes to the financial statements (continued)

11 Deferred taxation

The deferred tax included in the balance sheet is as follows:

	26 Oct 2008	28 Oct 2007
	£	£
Included in provisions for liabilities and charges	63,660	47,174

The movement in the deferred taxation account during the year was:

	2008	2007
	£	£
Balance brought forward	(47,174)	8,294
Profit and loss account movement arising during the year	(16,486)	(55,468)
Balance carried forward	(63,660)	(47,174)

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

	26 Oct 2008	28 Oct 2007
	£	£
Accelerated capital allowances	(63,660)	(47,174)

12 Creditors: amounts falling due within one year

	26 Oct 2008	28 Oct 2007
	£	£
Bank loans and overdrafts	139,339	-
Trade creditors	3,361,540	2,601,066
Corporation tax	276,970	181,152
Hire purchase	35,167	76,621
Other taxation and social security	153,414	303,674
Other creditors	554,971	444,959
Amounts due to parent undertaking	946,988	483,275
Pension creditor	3,559	-
Accruals and deferred income	1,146,339	677,385
	6,618,287	4,768,132

The bank borrowings are secured by a fixed and floating charge over the company's assets.

Notes to the financial statements (continued)

13 Creditors: amounts falling due after more than one year

	26 Oct 2008	28 Oct 2007
	£	£
Hire purchase	-	15,433

All creditor balances are repayable in less than 5 years.

14 Provisions for liabilities and charges

	26 Oct 2008	28 Oct 2007
	£	£
Deferred tax	**63,660**	47,174

15 Derivatives

At 26 October 2008 the company had entered into contracts for the purchase of foreign currencies on forward contracts totalling £1,948,052 (2007 - £nil). The fair value gain on these contracts at the year end is estimated at £397,976 (2007 - loss of £nil).

16 Leasing commitments

At 26 October 2008 the company had annual commitments under non-cancellable operating leases for land and buildings as set out below.

	26 Oct 2008	28 Oct 2007
	£	£
Operating leases which expire:		
Within 1 year	**61,500**	87,980
Within 2 to 5 years	**236,430**	264,413
After more than 5 years	**2,355,654**	1,375,931
	2,653,584	1,728,324

17 Other financial commitments

The total of bonds and guarantees outstanding as at 26 October 2008 was £20,036 (2007 - £1,664) in favour of suppliers and HM Revenue and Customs.

There were no other contingent liabilities at 26 October 2008 or 28 October 2007.

Notes to the financial statements (continued)

18 Related party transactions

As a wholly owned subsidiary of Crew Clothing Holdings Limited, the company is exempt from the requirements of Financial Reporting Standard No 8 'Related Party Disclosures' to disclose transactions with other members of the group.

During the year the company leased premises from Alastair Parker-Swift, a director, for a total charge of £245,833 (2007 - £244,348). The company paid £30,000 (2007 - £30,000) to Stephen Parker-Swift, the father of two of the directors, for the rental of a retail site.

19 Share capital

Authorised share capital:

	26 Oct 2008	28 Oct 2007
	£	£
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000

Allotted, called up and fully paid:

	26 Oct 2008		28 Oct 2007	
	No	£	No	£
Ordinary shares of £1 each	250,000	250,000	250,000	250,000

20 Profit and loss account

	2008	2007
	£	£
Balance brought forward	2,177,022	1,334,859
Profit for the financial year	990,431	842,163
Balance carried forward	3,167,453	2,177,022

21 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the financial year	990,431	842,163
Opening shareholders' funds	2,427,022	1,584,859
Closing shareholders' funds	3,417,453	2,427,022

Notes to the financial statements (continued)

22 **Ultimate controlling party**

The immediate parent undertaking is Crew Clothing Holdings Limited, registered in England and Wales, by virtue of its 100% shareholding.

The directors consider the ultimate controlling party to be Alastair Parker-Swift by virtue of his majority shareholding in Crew Clothing Holdings Limited.

23 **Capital commitments**

At the year end the company had capital commitments of £201,986 (2007 - £Nil).