

Crew Clothing Co. Limited

Report and Financial Statements

Year Ended

30 October 2011

Company Number 03265824



Crew Clothing Co. Limited

Report and financial statements for the year ended 30 October 2011

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Directors

Alastair Parker-Swift
Justin Hampshire
Octavia Morley

Secretary and registered office

Justin Hampshire, 20 Lydden Road, London, SW18 4LR

Company number

03265824

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Crew Clothing Co. Limited

Report of the directors for the year ended 30 October 2011

The directors present their report together with the audited financial statements for the year ended 30 October 2011

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year. The profit for the year amounted to £2,367,793 (2010 - £1,910,766). The directors have not recommended a dividend.

Turnover has increased by £6.0m (17%) driven by positive customer reaction to new season product, an increase in the direct business and new store openings.

Principal activities and business review

The principal activity of the company in the year under review remains that of the design and sale of high quality men's and women's clothing and accessories. The business continues to trade through its retail outlets, direct to our customer at www.crewclothing.co.uk and with our wholesale customers.

We have continued to develop the senior team during the year with an unchanged focus on the growth plan of the business. The economic climate continues to be challenging, but we have produced another good year of growth despite this, adding more customers and developing our product offering more closely to our customers' needs. Improving customer service continues to be core to our growth and we have worked hard on this during the year.

New stores have been opened and are trading successfully in 11 further locations. The format trialled in the previous year has continued to evolve and each new store brings Crew closer to a new customer base and sits well alongside our developing direct to customer offering.

The management team closely monitors the key performance indicators of the business 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.

The board continues to support the strategy that has been adopted by the executive team and remains cautiously optimistic for the year ahead.

Crew Clothing Co. Limited

Report of the directors for the year ended 30 October 2011 (*continued*)

Financial risk management objectives and policies

The company uses various financial instruments which include bank borrowings, cash, and 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.

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 (2010 - 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 transactions.

About 24% of the company's purchases (2010 - 22%) 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 (note 22).

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 company 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.

Crew Clothing Co. Limited

Report of the directors for the year ended 30 October 2011 (*continued*)

Directors

The directors of the company during the year were

Alastair Parker-Swift
Justin Hampshire
Octavia Morley

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the principal activities and business review on page 1

The financial position of the company has remained stable during the year, despite the challenging market conditions. Net current assets have increased by £1.3m as set out in the balance sheet and the trading performance of the company has been encouraging in the first two months of the new financial year.

In addition, the main financial risks arising from the activities of the company are set out in the Report of the directors on page 1, together with the company's policies and processes for managing these risks.

The Group has also prepared forecasts which take into account possible changes in trading which have been reviewed by the directors. These forecasts show that the Group should be able to operate within the existing facilities.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements for the company.

Crew Clothing Co. Limited

Report of the directors for the year ended 30 October 2011 (*continued*)

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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

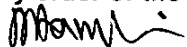
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

By order of the Board



Justin Hampshire

Secretary

25 January 2012

Crew Clothing Co. Limited

Independent auditor's report

TO THE MEMBERS OF CREW CLOTHING CO. LIMITED

We have audited the financial statements of Crew Clothing Co Limited for the year ended 30 October 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).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 30 October 2011 and of its profit 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.

Opinion on other matters 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.

Crew Clothing Co. Limited

Independent auditor's report (*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

Donald Williams

*Donald Williams, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

25 January 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Crew Clothing Co. Limited

Profit and loss account for the year ended 30 October 2011

	Note	2011 £	2010 £
Turnover	2	40,678,470	34,638,330
Cost of sales		15,501,184	12,598,552
Gross profit		25,177,286	22,039,778
Administrative expenses		21,933,277	19,471,900
Operating profit	4	3,244,009	2,567,878
Interest receivable		22	74
Interest payable and similar charges	5	2,254	5,003
Profit on ordinary activities before taxation		3,241,777	2,562,949
Taxation on profit from ordinary activities	6	873,984	652,183
Profit for the financial year	15	2,367,793	1,910,766

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

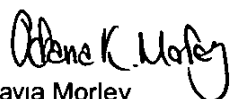
The notes on pages 9 to 17 form part of these financial statements

Crew Clothing Co. Limited

Balance sheet at 30 October 2011

Company number 03265824	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets	7		1		1
Tangible assets	8		4,640,711		2,956,398
			<u>4,640,712</u>		<u>2,956,399</u>
Current assets					
Stocks	9	6,520,820		3,979,608	
Debtors	10	4,925,597		2,598,468	
Cash at bank and in hand		1,405,432		1,904,568	
		<u>12,851,849</u>		<u>8,482,644</u>	
Creditors: amounts falling due within one year	11	7,201,906		4,122,124	
		<u></u>		<u></u>	
Net current assets			5,649,943		4,360,520
Total assets less current liabilities			<u>10,290,655</u>		<u>7,316,919</u>
Creditors: amounts falling due after more than one year	12	2,043,664		1,437,130	
Provisions for liabilities	13	-		591	
		<u></u>	2,043,664	<u></u>	1,437,721
			<u>8,246,991</u>		<u>5,879,198</u>
Capital and reserves					
Called up share capital	14	250,000		250,000	
Profit and loss account	15	7,996,991		5,629,198	
		<u></u>	<u></u>	<u></u>	<u></u>
Shareholders' funds	16		8,246,991		5,879,198
			<u></u>		<u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 January 2012



Octavia Morley
Director

The notes on pages 9 to 17 form part of these financial statements

Crew Clothing Co. Limited

Notes forming part of the financial statements for the year ended 30 October 2011

1 Accounting policies

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

The following principal accounting policies have been applied

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

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

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

Lease incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate

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

Crew Clothing Co. Limited

Notes forming part of the financial statements for the year ended 30 October 2011 (*continued*)

1 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

2 Turnover

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

3 Employees

	2011 £	2010 £
Staff costs consist of		
Wages and salaries	6,123,435	5,699,288
Social security costs	482,241	398,648
Other pension costs	18,303	14,639
	<hr/>	<hr/>
	6,623,979	6,112,575
	<hr/>	<hr/>

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 30 October 2011 (*continued*)

3 Employees (*continued*)

	2011 Number	2010 Number
The average number of employees during the year was		
Sales	222	209
Warehousing and distribution	28	24
Control and administration	61	51
	<u>311</u>	<u>284</u>

Remuneration in respect of directors for the year was £Nil (2010 - £Nil) All directors are remunerated by Crew Clothing Holdings Limited

4 Operating profit

	2011 £	2010 £
This has been arrived at after charging		
Hire of plant and machinery	6,835	6,685
Depreciation		
- owned fixed assets	1,280,078	1,151,042
- assets held under finance lease and hire purchase agreements	20,970	46,445
Loss on disposal of fixed assets	254,095	-
Auditor's remuneration		
- audit	25,900	24,750
- other non-audit services	4,625	4,000
- taxation	10,975	5,750
Operating lease costs		
- Land and buildings	3,374,632	3,587,045
Foreign exchange loss	113,199	124,693
	<u></u>	<u></u>

5 Interest payable and similar charges

	2011 £	2010 £
Bank interest	1,574	3,542
Interest on finance lease and hire purchase agreements	680	1,461
	<u>2,254</u>	<u>5,003</u>

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 30 October 2011 (*continued*)

6 Taxation on profit from ordinary activities

	2011 £	2010 £
(a) Analysis of charge for year		
<i>Current tax</i>		
UK corporation tax on profits of the year	925,751	726,411
Adjustments to tax charge in respect of previous periods	(5,768)	(26,452)
	<hr/>	<hr/>
Total current tax	919,983	699,959
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 13)	(45,983)	(47,457)
Prior year adjustment	30	1,461
Movement on opening balance due to changing tax rates	(47)	(1,780)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	873,984	652,183
	<hr/>	<hr/>

(a) Factors affecting current tax charge

The tax assessed for the year is higher (2010 lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	3,241,777	2,562,949
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26.8% (2010 - 28%)	870,217	717,626
Effects of		
Capital allowances for year in excess of depreciation	49,401	167,633
Permanent differences	138,036	14,076
Group relief	(130,785)	(173,545)
Other timing differences	(1,118)	621
Adjustments to tax charge in respect of previous periods	(5,768)	(26,452)
	<hr/>	<hr/>
Current tax charge for year (note 6(a))	919,983	699,959
	<hr/>	<hr/>

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 30 October 2011 (*continued*)

7 Intangible assets

Goodwill
£

Cost and net book value

At 31 October 2010 and 30 October 2011

1

8 Tangible assets

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>				
At 1 st November 2010	5,183,373	2,790,857	376,306	8,350,536
Additions	947,202	2,221,027	71,227	3,239,456
Disposals	(379,460)	(100,318)	(1,302)	(481,080)
At 30 October 2011	5,751,115	4,911,566	446,231	11,108,912
<i>Depreciation</i>				
At 1 st November 2010	3,019,509	2,072,198	302,431	5,394,138
Charge for the year	842,205	408,382	50,461	1,301,048
Disposals	(164,171)	(61,461)	(1,353)	(226,985)
At 30 October 2011	3,697,543	2,419,119	351,539	6,468,201
<i>Net book value</i>				
At 30 October 2011	2,053,572	2,492,447	94,692	4,640,711
At 31 October 2010	2,163,864	718,659	73,875	2,956,398

All assets held under finance lease have been fully depreciated during the year (2010 - £20,970) The depreciation charged to the financial statements in the year in respect of such assets amounted to £20,970 (2010 - £46,445)

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 30 October 2011 (*continued*)

9 Stocks

	2011 £	2010 £
Goods for resale	6,520,820	3,979,608

10 Debtors

	2011 £	2010 £
Trade debtors	1,399,667	1,021,268
Prepayments and accrued income	1,870,525	1,577,200
Amounts owed by parent undertaking	1,392,339	-
VAT recoverable	217,657	-
Deferred tax	45,409	-
	4,925,597	2,598,468

11 Creditors amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	491,289	76,309
Trade creditors	4,870,287	2,129,066
Corporation tax	295,753	695,455
Hire purchase	-	1,143
Other taxation and social security	310,164	15,042
Other creditors	174,601	210,117
Amounts owed to parent undertaking	-	51,433
Pension creditor	4,009	4,109
Accruals and deferred income	1,055,803	939,450
	7,201,906	4,122,124

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

12 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Accruals and deferred income	2,043,664	1,437,130

Accruals and deferred income due after more than one year relate to rent free periods on property leases and reflect the timing of when the balances are expected to reverse

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 30 October 2011 (*continued*)

13 Provisions for liabilities

The deferred tax included in the balance sheet is as follows

	2011 £	2010 £
Deferred tax (asset)/liability	(45,409)	591

The movement in the deferred taxation account during the year was

	2011 £	2010 £
Balance brought forward	(591)	(48,367)
Movement on opening balance due to changing tax rates	47	1,780
Profit and loss account movement arising during the year	45,983	45,996
Balance carried forward	45,409	(591)

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

	2011 £	2010 £
Accelerated capital allowances	44,407	(1,700)
Other timing differences	1,002	1,109
	45,409	(591)

14 Share capital

	2011 Number	Allotted, called up and fully paid 2010 Number	2011 £	2010 £
Ordinary shares of £1 each	250,000	250,000	250,000	250,000

Crew Clothing Co. Limited

Notes forming part of the financial statements
for the year ended 30 October 2011 (continued)

15 Profit and loss account

	2011 £	2010 £
Balance brought forward	5,629,198	3,718,432
Profit for the financial year	2,367,793	1,910,766
	<hr/>	<hr/>
Balance carried forward	7,996,991	5,629,198
	<hr/>	<hr/>

16 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	2,367,793	1,910,766
Opening shareholders' funds	5,879,198	3,968,432
	<hr/>	<hr/>
Closing shareholders' funds	8,246,991	5,879,198
	<hr/>	<hr/>

17 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 £237,500 (2010 - £237,500) The company paid in full £44,000 (2010 - £30,000) to Stephen Parker-Swift, the father of two of the directors, for the rental of a retail site and no amounts were outstanding at the year-end

18 Commitments under operating leases

As at 30 October 2011, the group had annual commitments under non-cancellable operating leases as set out below

	2011 £	2010 £
Operating leases which expire		
Within one year	21,500	187,090
In two to five years	1,099,971	466,791
Over five years	2,874,511	2,864,567
	<hr/>	<hr/>
	3,995,982	3,518,448
	<hr/>	<hr/>

19 Capital commitments

At the year end the company had capital commitments of £447,068 (2010 - £194,391)

Crew Clothing Co. Limited

Notes forming part of the financial statements for the year ended 30 October 2011 (*continued*)

20 Other financial commitments

The total of bonds and guarantees outstanding as at 30 October 2011 was £280,275 (2010 - £97,524) in favour of suppliers and HM Revenue and Customs

There were no other contingent liabilities at 30 October 2011 or 31 October 2010

21 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

22 Derivatives

At 30 October 2011 the company had entered into contracts for the purchase of foreign currencies on forward contracts totalling £4,427,718 (2010 - £2,985,974) The fair value gain on these contracts at the year end is estimated at £41,694 (2010 - £124,693 loss)

At 30 October 2011 the company had entered into swap contracts totalling £2,000,000 (2010 - £3,000,000) The fair value loss on these contracts at the year end is estimated at £19,081 (2010 - £99,206)