

Registered Number 05570073

Shoe Zone Group Limited  
Annual Report and Financial Statements  
for the 53 weeks ended 5 October 2013



# **Shoe Zone Group Limited**

## **Financial statements for the 53 weeks ended 5 October 2013**

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# **Shoe Zone Group Limited**

## **Directors and advisers**

### **Directors**

M J Smith  
A E P Smith  
J C P Smith  
C A Howes  
N J Davis  
J W Sharman  
C L Smith (appointed 18 November 2013)  
A S Smith (appointed 18 November 2013)

### **Secretary**

K R Phillips

### **Registered office**

Haramead Business Centre  
Humberstone Road  
Leicester  
LE1 2LH

### **Auditor**

BDO LLP  
Pannell House  
159 Charles Street  
Leicester  
LE1 1LD

### **Principal Bankers**

HSBC Bank plc  
2-6 Gallowtree Gate  
Leicester  
LE1 1DA

# Shoe Zone Group Limited

## Strategic report for the 53 weeks ended 5 October 2013

### Introduction

Shoe Zone operates as a value based retailer in the United Kingdom and Republic of Ireland. The company has a strong brand image and a focused profit growth strategy. The business currently trades from over 560 stores that are complemented by shoezone.com, offering a fully integrated multichannel platform.

### Business review

The current accounting period shows results for 53 weeks ending 5 October 2013. The directors report a profit before tax of £6.5m (52 weeks ended 29 September 2012: profit of £5.3m).

The group has net assets of £39.3m at 5 October 2013 (29 September 2012: £32.9m).

Trade in the current period has been in line with expectations.

At the KPI level, shoe retailing is a relatively straightforward business. The key indicators of turnover, gross profit, operating profit, net current assets and employee costs are disclosed elsewhere in these financial statements. Management critically benchmarks these indicators between individual shops and regions, as well as against competitors where such data can be obtained, in order to successfully manage the business.

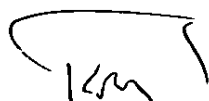
Shoe Zone Group has been built on the foundations of strong relationships with our employees. Our continued success is thanks to the dedication, expertise and outstanding contribution of all our employees. We will continue to invest in recruitment, training and development to strengthen and extend our customer service proposition. Our business is also indebted to our strong management team and our suppliers and contractors.

### Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks.

The key business risks affecting the group are considered to relate to competition from both national and independent retailers, employee retention, and product availability.

By order of the board



K R Phillips  
Secretary  
Date: 5 February 2014

# Shoe Zone Group Limited

## Directors' report for the 53 weeks ended 5 October 2013

The directors present the annual report and audited financial statements of the company and the group for the 53 weeks ended 5 October 2013

### Principal activities

The principal activity of the group continues to be footwear retailing in the United Kingdom and the Republic of Ireland. The company is the ultimate parent undertaking of the group.

### Results and dividends

The current accounting period shows results for 53 weeks ending 5 October 2013. The directors report a profit before tax of £6.5m (52 weeks ended 29 September 2012: profit of £5.3m).

The directors declared a dividend of £nil (52 weeks ended 29 September 2012: £nil).

The group has net assets of £39.3m at 5 October 2013 (29 September 2012: £32.9m).

### Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of liquidity risk, foreign currency risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring the management of net cash, and the related finance income and costs. As the group has both interest bearing assets and interest bearing liabilities, management maintain a close monitoring of the respective balances to ensure any interest rate risk is managed.

The group does not make significant use of derivative financial instruments but does use forward currency contracts when management consider this to be appropriate. External expert advice is sought on the suitability of these currency contracts in respect of the timings and rate. The group has no exposure to equity securities. Limited credit risk exposure exists given the high level of cash transactions through the store network. Where credit risk arises management have procedures in place to assess the level of risk to be taken, with approval by the directors for significant credit transactions.

### Employee involvement

The group places significant emphasis on its employees' involvement in the business at all levels. All employees are kept informed of issues affecting the group through formal and informal meetings and through the group's internal "headlines" publication. Members of the management board regularly visit all group locations and discuss matters of current interest and concern with employees.

### Diversity and inclusion

The group recognises the importance of diversity and inclusion and has systems in place to recruit employees of different genders, ages, disabilities and ethnic origins. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and the appropriate training is arranged.

# **Shoe Zone Group Limited**

## **Directors' report for the 53 weeks ended 5 October 2013 (continued)**

### **Charitable and political donations**

Employees raised £17,000 (52 weeks ended 29 September 2012 £46,000) during the period, which was allocated to various charities. The group made a charitable donation of £20,000 to the Shoe Zone Trust (29 September 2012 £nil) and has committed a further £100,000 to be paid in 2014 (52 weeks ended 29 September 2012 £100,000). Regular updates are available via the Shoe Zone website ([www.shoezone.com](http://www.shoezone.com)). The group made no other charitable donations during the 53 week period to 5 October 2013 (29 September 2012 £nil). No political contributions were made during the current or previous period.

### **Environment**

The vast majority of our stores in England, Wales and Scotland have a requirement to ensure that all packaging and store waste is returned to our distribution centre to be recycled and re-used.

### **Corporate responsibility**

The group is committed to responsible growth. By putting customers first and through its relationship with its employees, the group has developed effective ways of making positive contributions to society and the environment.

### **Directors**

The directors of the company who served during the period through to 5 October 2013 and those appointed to the date of this report are shown on page 1.

### **Qualifying third party indemnity provisions**

The company maintains liability insurance for directors and officers as permitted by section 234 of the Companies Act 2006.

# Shoe Zone Group Limited

## Directors' report for the 53 weeks ended 5 October 2013 (continued)

### Directors' responsibilities statement

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 period. 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 the group and of the profit or loss of the group 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 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 and the group will continue in business

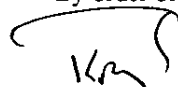
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply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

### Provision of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information

By order of the board



K R Phillips  
Secretary  
Date 5 February 2014

## **Shoe Zone Group Limited**

### **Independent auditor's report to the members of Shoe Zone Group Limited**

We have audited the financial statements of Shoe Zone Group Limited for the period ended 5 October 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company reconciliation of movements in shareholders' funds, the consolidated and company balance sheets, the consolidated cash flow statement 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 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 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 group's and the company's affairs as at 5 October 2013 and of the group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.



## **Shoe Zone Group Limited**

### **Independent auditor's report to the members of Shoe Zone Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

*BDO LLP*

**Roger Merchant** (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Leicester

Date 5 February 2014

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

## Shoe Zone Group Limited

### Consolidated profit and loss account for the 53 weeks ended 5 October 2013

	Note	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
		£'000	£'000
<b>Turnover</b>	1, 2	193,882	221,114
Cost of sales		(165,713)	(197,130)
<b>Gross profit</b>		<b>28,169</b>	23,984
Distribution costs		(6,028)	(6,530)
Administration expenses		(16,108)	(12,391)
<b>Operating profit</b>	3	<b>6,033</b>	5,063
Net interest payable	7	(40)	(196)
Other finance income	8	537	439
<b>Profit on ordinary activities before taxation</b>		<b>6,530</b>	5,306
Taxation on profit on ordinary activities	9	(2,711)	(2,067)
<b>Profit on ordinary activities after taxation</b>	21	<b>3,819</b>	3,239

All amounts relate to continuing activities

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents

## Shoe Zone Group Limited

### Consolidated statement of total recognised gains and losses for the 53 weeks ended 5 October 2013

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	£'000	£'000
<b>Profit for the financial period</b>	<b>3,819</b>	<b>3,239</b>
Actuarial gain/(loss) on pension schemes (note 24)	3,434	(4,649)
Movement on deferred tax relating to pension schemes	(879)	1,034
<b>Total recognised gains/(losses) relating to the period</b>	<b>6,374</b>	<b>(376)</b>

## Shoe Zone Group Limited

### Consolidated reconciliation of movements in shareholders' funds for the 53 weeks ended 5 October 2013

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	£'000	£'000
<b>Profit for the financial period</b>	<b>3,819</b>	3,239
Actuarial gain/(loss) on pension schemes (note 24)	3,434	(4,649)
Movement on deferred tax relating to pension schemes	(879)	1,034
<b>Net movement to shareholders' funds</b>	<b>6,374</b>	(376)
Opening shareholders' funds	32,928	33,304
<b>Closing shareholders' funds</b>	<b>39,302</b>	32,928

### Company reconciliation of movements in shareholders' funds for the 53 weeks ended 5 October 2013

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	£'000	£'000
<b>(Loss)/profit for the financial period</b>	<b>(42)</b>	82
<b>Net movement to shareholders' funds</b>	<b>(42)</b>	82
Opening shareholders' funds	185	103
<b>Closing shareholders' funds</b>	<b>143</b>	185

# Shoe Zone Group Limited

## Consolidated balance sheet as at 5 October 2013

	Notes	5 October 2013 £'000	29 September 2012 £'000
<b>Fixed assets</b>			
Tangible assets	10	24,960	29,175
		<u>24,960</u>	<u>29,175</u>
<b>Current assets</b>			
Stocks	12	26,296	29,995
Debtors	13	9,659	11,576
Bank and cash		6,552	8,685
		<u>42,507</u>	<u>50,256</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(23,192)</u>	<u>(33,552)</u>
<b>Net current assets</b>		<u>19,315</u>	<u>16,704</u>
<b>Total assets less current liabilities</b>		<u>44,275</u>	<u>45,879</u>
<b>Creditors: amounts falling due after one year</b>	15	(1,728)	(3,769)
Provisions for liabilities and charges	16	(1,762)	(4,236)
<b>Net assets excluding pension liability</b>		<u>40,785</u>	<u>37,874</u>
Pension liability	24	(1,483)	(4,946)
<b>Net assets including pension liability</b>		<u>39,302</u>	<u>32,928</u>
<b>Capital and reserves</b>			
Called up share capital	20	6	6
Merger reserve	21	3,153	3,153
Capital redemption reserve	21	3	3
Profit and loss account	21	36,140	29,766
<b>Total shareholders' funds</b>		<u>39,302</u>	<u>32,928</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by



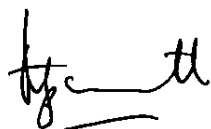
A E P Smith  
Director  
Date 5 February 2014

# Shoe Zone Group Limited

## Company balance sheet as at 5 October 2013

	Notes	5 October 2013 £'000	29 September 2012 £'000
<b>Fixed assets</b>			
Investments	11	<u>19,894</u>	<u>19,894</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(11,697)</u>	<u>(10,655)</u>
<b>Net current liabilities</b>		<u>(11,697)</u>	<u>(10,655)</u>
Total asset less current liabilities		8,197	9,239
<b>Creditors: amounts falling due after one year</b>	15	<u>(8,054)</u>	<u>(9,054)</u>
<b>Net assets</b>		<u>143</u>	<u>185</u>
<b>Capital and reserves</b>			
Called up share capital	20	6	6
Capital redemption reserve	21	3	3
Profit and loss account	21	<u>134</u>	<u>176</u>
<b>Total shareholders' funds</b>		<u>143</u>	<u>185</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by



A E P Smith  
Director  
Date 5 February 2014

## Shoe Zone Group Limited

### Consolidated cash flow statement for the 53 weeks ended 5 October 2013

	53 weeks ended 5 October 2013 £'000	53 weeks ended 5 October 2013 £'000	52 weeks ended 29 September 2012 £'000	52 weeks ended 29 September 2012 £'000
<b>Net cash inflow from operating activities</b>		<b>5,451</b>		<b>14,238</b>
<b>Returns on investment and servicing of finance</b>				
Interest received	36		7	
Interest paid	(76)		(203)	
<b>Net cash outflow from returns on investment and servicing of finance</b>		<b>(40)</b>		<b>(196)</b>
<b>Taxation (payment)/repayment</b>		<b>(2,774)</b>		<b>1,675</b>
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets	(2,827)		(2,034)	
Sale of tangible fixed assets	321		1,493	
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(2,506)</b>		<b>(541)</b>
<b>Net cash inflow before financing</b>		<b>131</b>		<b>15,176</b>
<b>Financing</b>				
Repayment of unsecured loans	(2,264)		(2,961)	
<b>Net cash outflow from financing</b>		<b>(2,264)</b>		<b>(2,961)</b>
<b>(Decrease)/increase in net cash</b>		<b>(2,133)</b>		<b>12,215</b>

Further analysis of the consolidated cash flow statement is included in note 25

# Shoe Zone Group Limited

## Notes to the financial statements for the 53 weeks ended 5 October 2013

### 1 Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and the applicable Accounting Standards in the United Kingdom. The Group's accounting reference date is 30 September. It is the Group's policy to prepare financial statements for the accounting period to end on a Saturday. The accounting period covers 30 September 2012 to 5 October 2013. A summary of the key accounting policies, all of which have been applied consistently throughout the period and the preceding period, are set out below.

#### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. Where a choice of treatment is available the directors apply the most appropriate policy and estimation technique in accordance with FRS 18 Accounting Policies ("FRS 18").

#### Turnover

Turnover, which excludes valued added tax and sales between group companies, represents the retail value of goods and services supplied. Revenue is recognised at the completion of a transaction at the point of sale.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of Shoe Zone Group Limited and its subsidiary undertakings all made up to 5 October 2013. The results for all subsidiary companies are consolidated using the acquisition method of accounting.

The company has taken advantage of the exemption under Section 408 of the Companies Act 2006 and has not presented its own profit and loss account.

The result arising in the financial statements of the parent company for the 53 weeks ended 5 October 2013 was a loss of £42,000 (52 weeks ended 29 September 2012 profit of £82,000).

#### Tangible fixed assets

All assets are held at cost (purchase cost together with any incidental costs) at the time of their acquisition.

#### Freehold and long leasehold properties

No depreciation is provided against freehold or long leasehold land. Depreciation is provided against freehold shop properties, however in all cases it is believed that the residual value of the assets is equal to or higher than the cost at acquisition. Each year the directors review the residual value of all properties, in accordance with FRS 11 Impairment of Fixed Assets and Goodwill ("FRS 11"), and provision is made for any diminution in value of these properties.

Long leasehold properties are depreciated over the period to the next rent review where the period remaining to that date is less than fifty years. Depreciation is provided on a straight-line basis.

#### Short leasehold properties

Short leasehold properties are depreciated on a straight line basis over the remaining life of the lease where the period remaining is less than fifty years.



# Shoe Zone Group Limited

## Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

### 1 Accounting policies (continued)

#### Leasehold improvements, fixtures and fittings and motor vehicles

Leasehold improvements and fixtures and fittings are depreciated over 5 to 10 years on a straight-line basis. Motor vehicles are depreciated over 3 to 5 years on a straight-line basis. This fairly reflects the useful economic lives of these assets.

#### Investments

Investments held as fixed assets are stated at cost, less any provision for impairment.

#### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price, with a provision made for any goods selling below cost.

#### Deferred taxation

As required by FRS 19 Deferred Tax ("FRS 19"), deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. Deferred tax assets are recognised to the extent that they are "more likely than not" to be recovered. Deferred tax assets and liabilities recognised have not been discounted.

#### Operating leases

Annual rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease. Incentives received at the inception of a lease are released on a straight-line basis to the profit and loss account over the lease term or the period to the next rent review, if shorter.

#### Onerous leases and dilapidations

Provision is made for onerous leases to reflect the future lease costs associated with vacant properties. These lease costs are provided for over the remaining lease periods or until the point the asset is expected to be utilised internally, sub-let or disposed of, if shorter.

Provision is made for dilapidations on self-repairing leases as they arise, based on a detailed branch by branch review. This includes an assessment of the constructive obligations which exist based on a review of anticipated branch repairs.

#### Customer returns

Provision is made for the anticipated cost of post period-end customer returns. This assessment is based on recent historical trends of customer return levels.

# Shoe Zone Group Limited

## Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

### 1 Accounting policies (continued)

#### Pension costs

The group operates both defined benefit and defined contribution funded pension schemes. The schemes are administered by trustees and are independent of the group.

For the group's defined benefit schemes, contributions are paid in accordance with the recommendations of independent actuaries to enable the trustees to meet the benefits accruing in respect of current and future service.

Pension scheme assets are measured using bid values, in accordance with the amendment to FRS 17 Retirement Benefits ("FRS 17"). Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

The pension schemes' surpluses to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

Contributions to the group's defined contribution pension schemes are charged to the profit and loss account in the period in which they become payable.

#### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and all such gains and losses arising are included in the profit and loss account.

As the Irish operations are closely interlinked with those in the United Kingdom all exchange gains or losses are dealt with through the profit and loss account. Profit and loss account transactions are transacted at the average rate of exchange prevailing during the period and the balance sheet is translated at the period-end exchange rate. Fixed assets denominated in foreign currencies are translated into sterling at the rates ruling at the date of purchase.

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 2 Turnover and geographical analysis

The turnover is attributable to the principal activity of the group. The geographical analysis of the group's turnover (by location of retail outlet) is as follows:

	<b>53 weeks ended 5 October 2013</b>	<b>52 weeks ended 29 September 2012</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	<b>187,562</b>	214,659
Republic of Ireland	<b>6,320</b>	6,455
	<b>193,882</b>	221,114

There are no differences between turnover by origin and by sales destination.

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 3 Operating profit

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	£'000	£'000
Operating profit is stated after charging		
Depreciation on owned assets	6,042	6,289
Impairment of freehold properties	73	530
Loss/(profit) on disposal of fixed assets	61	(179)
Operating lease rentals		
Plant and machinery	833	899
Land and buildings	28,526	34,497
Restructuring costs	413	532
Foreign exchange losses/(gains)	82	(179)
Obligation to Shoefayre on liquidation	2,938	-
Accelerated depreciation on closed Tyler/Shoefayre stores	382	1,936
Release of dilapidation provision on closed Tyler/Shoefayre stores	(1,214)	-
Redundancy costs on closed Tyler/Shoefayre stores	413	532

Shoefayre Limited and Tyler Limited were placed into receivership in December 2012 which resulted in the closure of 131 stores and various related costs and write backs

# Shoe Zone Group Limited

## Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

### 4 Auditor's remuneration

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	£'000	£'000
Fees payable to the company's auditor and its associate in respect of		
The audit of the parent company	4	4
The audit of the company's subsidiaries	41	54
	<u>45</u>	<u>58</u>

### 5 Employees

The average monthly number of employees, including directors, during the period was as follows

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	No.	No.
Sales and distribution	4,408	5,194
Administration	152	164
	<u>4,560</u>	<u>5,358</u>
Staff costs, including directors, consist of		
	£'000	£'000
Wages and salaries	39,667	44,211
Social security costs	2,032	2,185
Pension costs (note 24)	589	654
	<u>42,288</u>	<u>47,050</u>

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 6 Directors' emoluments

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	£'000	£'000
Remuneration for management services	1,567	856
Contributions to defined contribution schemes	149	180
	<u>1,716</u>	<u>1,036</u>
Compensation for loss of office	-	40

The highest paid director received remuneration for management services of £310,703 (52 weeks ended 29 September 2012 £233,094) and contributions to a defined contribution scheme of £50,000 (52 weeks ended 29 September 2012 £75,000)

No directors are accruing benefits under defined benefit pension schemes (52 weeks ended 29 September 2012 none)

During the year retirement benefits were accruing to 5 directors (52 weeks ended 29 September 2012 5) in respect of defined contribution pension schemes

#### 7 Net interest payable

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	£'000	£'000
Bank loans and overdraft	-	(52)
Other loans (note 26)	(75)	(150)
Other interest payable	(1)	(1)
	<u>(76)</u>	<u>(203)</u>
Interest receivable	36	7
	<u>(40)</u>	<u>(196)</u>

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 8 Other finance income

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	£'000	£'000
Interest cost on pension liabilities	(3,148)	(3,207)
Expected return on pension assets	3,685	3,646
	<u>537</u>	<u>439</u>

#### 9 Taxation

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	£'000	£'000
United Kingdom tax		
Corporation tax at 23.5% (29 September 2012 25%)	2,178	2,420
Adjustment to corporation tax in respect of prior periods	(227)	(134)
Total current tax charge	<u>1,951</u>	<u>2,286</u>
Deferred tax		
Origination and reversal of timing differences	276	(377)
Changes in tax rate	147	159
Adjustment to deferred tax in respect of prior periods	110	(1)
Deferred tax movement on pension scheme	227	-
Tax charge on profit on ordinary activities	<u>2,711</u>	<u>2,067</u>

## Shoc Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 9 Taxation (continued)

The tax for the period is higher than (52 weeks ended 29 September 2012 higher than) the standard rate of corporation tax in the UK 23.5% (52 weeks ended 29 September 2012 25%). The differences are explained below

	53 weeks ended 5 October 2013	52 weeks ended 29 September 2012
	£'000	£'000
Profit on ordinary activities before tax	6,530	5,306
Profit on ordinary activities multiplied by the actual rate in the UK 23.5% (29 September 2012 25%)	1,534	1,327
Effects of		
Expenses not deductible for tax purposes	378	951
Fixed asset timing differences	157	408
Other timing differences	(468)	(65)
Utilisation of tax losses not previously recognised	(190)	(201)
Adjustments to tax charge in respect of previous period	(227)	(134)
Taxation on obligation to Shoefayre on liquidation	767	-
	<u>1,951</u>	<u>2,286</u>

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Chancellor of the Exchequer has announced that the corporation tax will be reduced each year until 2015 when it will remain at 20%. As at the balance sheet date, the rate of 20% has been substantively enacted when Finance Bill 2013 received its final reading in the House of Commons on 17 July 2013.



## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 10 Tangible fixed assets - Group

	Freehold properties	Long leasehold properties	Short leasehold and improve- ments	Motor vehicles	Fixtures and fittings	Total fixed assets
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 29 September 2012	11,525	324	18,423	49	32,714	63,035
Additions	198	-	721	-	1,748	2,667
Disposals	(300)	-	(2,173)	(44)	(5,071)	(7,588)
<b>At 5 October 2013</b>	<b>11,423</b>	<b>324</b>	<b>16,971</b>	<b>5</b>	<b>29,391</b>	<b>58,114</b>
<b>Depreciation</b>						
At 29 September 2012	875	-	10,034	43	22,908	33,860
Charge for the period	-	-	2,546	1	3,877	6,424
Impairment	73	-	-	-	-	73
Disposals	-	-	(2,098)	(39)	(5,066)	(7,203)
<b>At 5 October 2013</b>	<b>948</b>	<b>-</b>	<b>10,482</b>	<b>5</b>	<b>21,719</b>	<b>33,154</b>
<b>Net book value</b>						
<b>At 5 October 2013</b>	<b>10,475</b>	<b>324</b>	<b>6,489</b>	<b>-</b>	<b>7,672</b>	<b>24,960</b>
At 29 September 2012	10,650	324	8,389	6	9,806	29,175

All properties are reviewed annually by the directors to ascertain the extent to which the value has become impaired. Impairments were identified in respect of freehold properties amounting to £73,000 (29 September 2012 £345,000) and short leasehold properties amounting to £nil (29 September 2012 £185,000) to reduce their carrying value to recoverable amounts.

The company has no tangible fixed assets.

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 11 Fixed asset investments

	<b>Company</b>
	<b>£'000</b>
At 29 September 2012 and 5 October 2013	<b>19,894</b>

The principal subsidiary undertakings, all of which are incorporated in the United Kingdom, are

<b>Name of investment</b>	<b>Nature of business</b>	<b>Class of share</b>	<b>% owned by the Company</b>
Shoe Zone Limited	Footwear retailer	Ordinary Preference	100%
Castle Acres Development Limited	Property owner	Ordinary	100%
Zone Property Limited	Property owner	Ordinary	100%

#### 12 Stocks

	<b>5 October 2013</b>	<b>29 September 2012</b>
	<b>Group</b>	<b>Group</b>
	<b>£'000</b>	<b>£'000</b>
Goods for resale	<b>26,111</b>	29,760
Shop-fitting materials and other consumables	<b>185</b>	235
	<b>26,296</b>	29,995

The company has no stocks

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 13 Debtors

	5 October 2013		29 September 2012	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Trade debtors	301	-	358	-
Other debtors	211	-	307	-
Prepayments and accrued income	7,857	-	9,088	-
Deferred taxation (note 18)	1,290	-	1,823	-
	<u>9,659</u>	<u>-</u>	<u>11,576</u>	<u>-</u>

#### 14 Creditors: amounts falling due within one year

	5 October 2013		29 September 2012	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Other loans (note 19)	1,668	-	2,932	2,000
Trade creditors	12,643	-	19,255	-
Amounts owing to group undertakings	-	11,697	-	8,655
Social security and other taxes	1,099	-	2,493	-
Corporation tax	1,217	-	2,041	-
Other creditors	6,565	-	6,831	-
	<u>23,192</u>	<u>11,697</u>	<u>33,552</u>	<u>10,655</u>

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 15 Creditors: amounts falling due after more than one year

	5 October 2013		29 September 2012	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Other loans (note 19)	-	-	1,000	1,000
Amounts owing to group undertakings	-	8,054	-	8,054
Other creditors	1,728	-	2,769	-
	<u>1,728</u>	<u>8,054</u>	<u>3,769</u>	<u>9,054</u>

#### 16 Provisions for liabilities & charges - Group

	Dilapidation	Property	Other	Total
	£'000	£'000	£'000	£'000
At 29 September 2012	3,076	458	702	4,236
Additions	782	35	402	1,219
Amounts utilised	(180)	(458)	(571)	(1,209)
Amounts released	(2,484)	-	-	(2,484)
<b>At 5 October 2013</b>	<u>1,194</u>	<u>35</u>	<u>533</u>	<u>1,762</u>

Dilapidation provisions released of £2,484,000 include £1,214,000 in relation to closed Tyler/Shoefayre stores, as disclosed in note 3. The remaining balance of the dilapidation provisions released related to obligations settled during the year where provisions are no longer required.

Dilapidation provisions represent the directors' assessment of branch repairs required on self-repairing leases. These are expected to be utilised within 3 years.

Property provisions relate to onerous leases that reflect the future lease costs associated with vacant properties which are expected to be utilised within 10 years.

Other provisions include

- provisions for customer returns that represent the directors' assessment of the anticipated future costs of customer returns post period-end which are expected to be utilised within one year
- provisions for holiday pay that reflect the assessment of expected future payments to employees in respect of holiday pay accrued but not yet paid. This provision will be utilised when individual employees cease employment with the group.

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 17 Contingent liabilities

There is a guarantee in favour of the company's bankers for all and every sum owing at the date of demand given by the company and all subsidiary undertakings, supported by a charge over all the assets and undertakings of these companies. At 5 October 2013 the contingent liability under this guarantee amounted to £nil (29 September 2012 £nil)

#### 18 Deferred tax - Group

	5 October 2013	29 September 2012
	£'000	£'000
At beginning of the period	1,823	1,607
Movement during the period	(533)	216
At end of the period	<u>1,290</u>	<u>1,823</u>

	5 October 2013	29 September 2012
	£'000	£'000
The deferred tax asset is made up as follows		
Accelerated capital allowances	1,270	1,318
Other timing differences	20	23
Losses	-	482
<b>Deferred tax asset</b>	<u>1,290</u>	<u>1,823</u>

#### Group

The Group has an unrecognised deferred tax asset of £1,065,000 at 5 October 2013 (29 September 2012 £1,274,000). The unrecognised deferred tax asset of £1,065,000 is in respect of a non trading deficit within Shoe Zone Group Limited of £415,000 (29 September 2012 £415,000) and capital losses within Castle Acres Development Limited of £4,911,000 (29 September 2012 £5,015,000), on the grounds that there is insufficient evidence that the assets will be recoverable.

#### Company disclosure

The Company had a non trading deficit of £415,000 (29 September 2012 £415,000). There is an unrecognised deferred tax asset of £83,000 (29 September 2012 £95,000) in respect of this non trading deficit on the grounds that there is insufficient evidence that the asset will be recoverable.

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 19 Borrowings

Analysis of maturity of loans is as follows:

	5 October 2013		29 September 2012	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Within one year	1,668	-	2,932	2,000
After one year	-	-	1,000	1,000
	<u>1,668</u>	<u>-</u>	<u>3,932</u>	<u>3,000</u>

Details of borrowings are as follows:

	5 October 2013		29 September 2012	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Loans from directors and other connected persons (note 26)	1,668	-	3,932	3,000
	<u>1,668</u>	<u>-</u>	<u>3,932</u>	<u>3,000</u>

#### 20 Share capital – Company and Group

	5 October 2013	29 September 2012
	£'000	£'000
<b>Allotted, called up and fully paid:</b>		
526,832 (29 September 2012 526,832) A ordinary shares of 1p each (equity)	5	5
58,537 (29 September 2012 58,537) B ordinary shares of 1p each (non-voting)	1	1
	<u>6</u>	<u>6</u>

B ordinary shares rank pari-passu with the A ordinary shares but they do not carry any voting rights

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 21 Reserves

	Capital redemption reserve	Merger reserve	Profit and loss account
Group	£'000	£'000	£'000
At 29 September 2012	3	3,153	29,766
Profit for the financial period	-	-	3,819
Actuarial gain on pension scheme (note 24)	-	-	3,434
Movement on deferred tax relating to pension scheme (note 24)	-	-	(879)
<b>At 5 October 2013</b>	<b>3</b>	<b>3,153</b>	<b>36,140</b>

	Capital Redemption Reserve	Profit and loss account
Company	£'000	£'000
At 29 September 2012	3	176
Loss for the period	-	(42)
<b>At 5 October 2013</b>	<b>3</b>	<b>134</b>

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 22 Commitments under operating leases - Group

	Land and buildings	Land and buildings	Other	Other
	5 October 2013	29 September 2012	5 October 2013	29 September 2012
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	1,809	2,539	90	133
In two to five years	12,405	15,968	473	603
After five years	10,966	16,057	-	-
	<u>25,180</u>	<u>34,564</u>	<u>563</u>	<u>736</u>

The company had no commitments under operating leases (29 September 2012 None)

#### 23 Financial commitments - Group

At the period end foreign exchange contracts to purchase \$46,500,000 with Sterling were in existence with maturity dates between 7 October 2013 and 16 December 2014 at exchange rates between 1.5500 and 1.6256. The spot rate at the period end was 1.6074.

At the period end, authorised and committed capital expenditure amounted to £18,000 (29 September 2012 £36,000).

The Shoe Zone Group and subsidiary undertakings have given a guarantee in favour of HM Revenue and Customs amounting to £1,600,000 (29 September 2012 £1,600,000).



## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 24 Pension costs - Group

The group operates a defined contribution pension scheme namely Zone Executive Pension Scheme which had contributions during the period of £100,000 (29 September 2012 £150,000)

During the year the group joined a new defined contribution pension scheme, Shoe Zone Worksave Pension Plan, to comply with automatic enrolment. The pension scheme contributions during the year amounted to £217,000 (29 September 2012 £nil)

The group operates two other pension schemes in the UK the Shoe Zone Pension Scheme and the Shoefayre Limited Pension and Life Assurance Scheme. The Shoe Zone Pension Scheme provided benefits on a defined benefit basis for service up to 30 September 2001. For service after that date, benefits are provided on a defined contribution basis. The Shoefayre Limited Pension and Life Assurance Scheme provided benefits on a defined benefit basis but was closed to future accrual on 30 June 2009. The scheme was acquired on the purchase of Shoefayre Limited on 19 September 2007. The assets of all schemes are held in separate trustee administered funds. The pension contributions to the Shoe Zone Pension Scheme defined contribution element were £272,000 (29 September 2012 £504,000)

The group also operated a pension scheme in the Republic of Ireland the Shoe Zone (Ireland) Pension Scheme. Full disclosure of this scheme is not contained in these statements, as the directors do not consider it to be material to the financial statements. Full disclosure can be found in the financial statements of Shoe Zone (Ireland) Limited, Registration Number 272480

On 25th April 2013 Shoe Zone (Ireland) Ltd gave notice to the Trustees that all contributions would cease. The Trustees resolved to proceed with the administration of benefits as required in accordance with the wind-up rules and the Pensions Act. The historic deficit has been released to the Statement of Total Recognised Gains and Losses to reflect this

#### Summary – Defined benefit schemes

	Shoe Zone Pension Scheme	Shoefayre Limited Pension and Life Assurance Scheme	Shoe Zone (Ireland) Pension Scheme	Total
	£'000	£'000	£'000	£'000
Net asset/(liability)	713	(2,196)	-	(1,483)

#### Amounts recognised in the statement of total recognised gains and losses (STRGL)

Actuarial gain	1,885	1,116	433	3,434
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## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 24 Pensions (continued)

##### Defined benefit scheme - Shoe Zone Pension Scheme

The figures below are based on a full actuarial valuation performed in April 2010 which was carried out by a qualified independent actuary. This actuarial valuation has been updated to 5 October 2013 for the purpose of calculating the pension surplus and disclosures in the current period.

##### Financial assumptions

	5 October 2013	29 September 2012
	%	%
Deferred pension revaluation	2.50	2.00
Pension increases	3.50	2.70
Discount rate	4.55	4.45
Retail Price Index	3.50	2.70

##### Post retirement mortality

	5 October 2013	29 September 2012
	Years	Years
Life expectancy		
Male currently aged 45	89.9	90.0
Female currently aged 45	91.5	92.8
Male currently aged 65	87.4	88.1
Female currently aged 65	89.6	90.9

	5 October 2013	29 September 2012
Long term expected rate of return on the scheme assets for the following period	6.10 % pa	5.60 % pa

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 24 Pensions (continued)

##### Defined benefit scheme - Shoe Zone Pension Scheme (continued)

###### Assets

The major categories of assets as a percentage of total assets are as follows

Asset Category	5 October 2013	29 September 2012
Equities	27%	23%
Property	8%	8%
Gilts/ bonds	42%	47%
Target Return Funds	23%	22%
	<hr/>	<hr/>
	100%	100%

The actual return on the Scheme's assets net of expenses over the period to the review date was a gain of £2,845,000 (29 September 2012 £4,164,000)

The assets do not include any investments in shares of the company

The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. Equity and property returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on the government bonds. Bond returns are selected by reference to the yields on the government and corporate debt, as appropriate to the scheme holdings of these instruments. The expected returns on the Target Return Funds are equal to the fund's targets.

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 24 Pensions (continued)

##### Defined benefit scheme - Shoe Zone Pension Scheme (continued)

##### Amounts recognised in the balance sheet at 5 October 2013

	5 October 2013	29 September 2012
	£'000	£'000
Fair value of assets	40,513	39,092
Present value of funded obligations	(39,622)	(40,472)
Surplus/(deficit)	891	(1,380)
Related deferred tax (liability)/asset	(178)	317
Net asset/(liability)	713	(1,063)

##### Amounts recognised in the statement of total recognised gains and losses (STRGL)

	5 October 2013	29 September 2012
	£'000	£'000
Actuarial gain/(loss)	1,885	(2,713)
<b>Total amount recognised in the statement of total recognised gains and losses</b>	<b>1,885</b>	<b>(2,713)</b>

At 5 October 2013 the cumulative amount of actuarial losses taken to the statement of total recognised gains and losses was £9,519,000 (29 September 2012 £11,404,000)

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 24 Pensions (continued)

##### Defined benefit scheme - Shoe Zone Pension Scheme (continued)

##### Amounts recognised in the profit & loss account over the period

	5 October 2013	29 September 2012
	£'000	£'000
Interest cost	(1,806)	(1,804)
Expected return on assets	2,192	2,176
	<u>386</u>	<u>372</u>

##### Reconciliation of assets and defined benefit obligation

##### The change in assets over the period was

	5 October 2013	29 September 2012
	£'000	£'000
Fair value of assets at the beginning of the period	39,092	36,369
Expected return on assets	2,192	2,176
Benefits paid	(1,424)	(1,441)
Actuarial gain	653	1,988
Fair value of assets at the end of the period	<u>40,513</u>	<u>39,092</u>

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 24 Pensions (continued)

##### Defined benefit scheme - Shoe Zone Pension Scheme (continued)

The change in defined benefit obligation over the period was

	5 October 2013	29 September 2012
	£'000	£'000
Defined benefit obligation at the beginning of the period	40,472	35,408
Interest cost	1,806	1,804
Benefits paid	(1,424)	(1,441)
Actuarial (gain)/loss	(1,232)	4,701
Defined benefit obligation at the end of the period	<u>39,622</u>	<u>40,472</u>

##### Summary of prior period amounts

	5 October 2013	29 September 2012	1 October 2011	1 January 2011	2 January 2010
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(39,622)	(40,472)	(35,408)	(48,732)	(47,521)
Scheme assets	40,513	39,092	36,369	52,359	49,403
Surplus/(deficit)	891	(1,380)	961	3,627	1,882
Experience gains and losses on scheme liabilities	1,232	(4,701)	(700)	(1,060)	(3,122)
Experience adjustments on scheme assets	653	1,988	(2,374)	2,526	3,002

Shoe Zone Limited expects to make no contributions to the scheme during the following period

# Shoe Zone Group Limited

## Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

### 24 Pensions (continued)

#### Defined benefit scheme - Shoefayre Limited Pension and Life Assurance Scheme

The company operates the Shoefayre Limited Pension and Life Assurance Scheme. The scheme provided benefits on a defined benefit basis but was closed to future accrual on 30 June 2009.

The figures below are based on a full actuarial valuation performed in March 2010 which was carried out by a qualified independent actuary. This actuarial valuation has been updated to 5 October 2013 for the purposes of calculating the pension surplus and disclosures in the current period.

#### Financial assumptions

	5 October 2013	29 September 2012
	%	%
Deferred pension revaluation	2.50	2.00
Pension increases	3.50	2.70
Discount rate	4.55	4.45
Retail Price Index	3.50	2.70

#### Post retirement mortality

	5 October 2013	29 September 2012
	Years	Years
Life expectancy		
Male currently aged 45	89.9	90.0
Female currently aged 45	91.5	92.8
Male currently aged 65	87.4	88.1
Female currently aged 65	89.6	90.9

	5 October 2013	29 September 2012
Long term expected rate of return on the scheme assets for the following period	6.20 % pa	5.80 % pa

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 24 Pensions (continued)

##### Defined benefit scheme - Shoefayre Limited Pension and Life Assurance Scheme (continued)

The major categories of assets as a percentage of total assets are as follows

Asset Category	5 October 2013	29 September 2012
Equities	29%	27%
Property	7%	7%
Gilts/ bonds	38%	39%
Target Return Funds	26%	27%
	<hr/>	<hr/>
	100%	100%

The actual return on the Scheme's assets net of expenses over the period to the review date was a gain of £2,337,000 (29 September 2012 £3,272,000) The assets do not include any investments in shares of the company

The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes Equity and property returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on the government bonds Bond returns are selected by reference to the yields on the government and corporate debt, as appropriate to the scheme holdings of these instruments The expected returns on the Target Return Funds are equal to the fund's targets

##### Amounts recognised in the balance sheet at 5 October 2013

	5 October 2013	29 September 2012
	£'000	£'000
Fair value of assets	27,296	25,499
Present value of funded obligations	(30,040)	(30,110)
Deficit	(2,744)	(4,611)
Related deferred tax asset	548	1,061
Net liability	<hr/> (2,196) <hr/>	<hr/> (3,550) <hr/>



## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 24 Pensions (continued)

Defined benefit scheme - Shoefayre Limited Pension and Life Assurance Scheme (continued)

Amounts recognised in the statement of total recognised gains and losses (STRGL)

	5 October 2013	29 September 2012
	£'000	£'000
Actuarial gain/(loss)	1,116	(1,524)
<b>Total amount recognised in the statement of total recognised gains and losses</b>	<b>1,116</b>	<b>(1,524)</b>

At 5 October 2013 the cumulative amount of actuarial gains and losses taken to the statement of total recognised gains and losses was a loss of £4,807,000 (29 September 2012 a loss of £5,923,000)

Amounts recognised in the profit & loss account over the period

	5 October 2013	29 September 2012
	£'000	£'000
Interest cost	(1,342)	(1,348)
Expected return on assets	1,493	1,425
	<b>151</b>	<b>77</b>

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 24 Pensions (continued)

##### Defined benefit scheme - Shoefayre Limited Pension and Life Assurance Scheme (continued)

##### Reconciliation of assets and defined benefit obligation

The change in assets over the period was

	5 October 2013	29 September 2012
	£'000	£'000
Fair value of assets at the beginning of the period	25,499	22,690
Expected return on assets	1,493	1,425
Employer contributions	600	600
Benefits paid	(1,140)	(1,063)
Actuarial gain on assets	844	1,847
Fair value of assets at the end of the period	<u>27,296</u>	<u>25,499</u>

The change in defined benefit obligation over the period was

	5 October 2013	29 September 2012
	£'000	£'000
Defined benefit obligation at the beginning of the period	30,110	26,454
Interest cost	1,342	1,348
Benefits paid	(1,140)	(1,063)
Actuarial (gain)/loss	(272)	3,371
Defined benefit obligation at the end of the period	<u>30,040</u>	<u>30,110</u>

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 24 Pensions (continued)

Defined benefit scheme - Shoefayre Limited Pension and Life Assurance Scheme (continued)

Summary of prior period amounts

	5 October 2013	29 September 2012	1 October 2011	1 January 2011	2 January 2010
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(30,040)	(30,110)	(26,454)	(29,540)	(29,845)
Scheme assets	27,296	25,499	22,690	28,404	26,388
Deficit	(2,744)	(4,611)	(3,764)	(1,136)	(3,457)
Experience gains and losses on scheme liabilities	272	(3,371)	(1,063)	757	(6,930)
Experience adjustments on scheme assets	844	1,847	(2,164)	1,351	2,207

Contributions of £600,000 are expected to be made during the year ended 4 October 2014 by Shoe Zone Limited

#### 25 Notes to the cash flow statement

a) Reconciliation of operating profit to net cash inflow from operating activities.

	5 October 2013	29 September 2012
	£'000	£'000
Operating profit	6,033	5,063
Depreciation charges	6,497	8,755
Loss/(profit) on disposal	61	(179)
Cash contribution to defined benefit schemes	(600)	(630)
Decrease in provisions	(2,474)	(850)
Decrease in stocks	3,699	6,613
Decrease in debtors	1,392	946
Decrease in creditors	(9,157)	(5,480)
Net cash inflow from operating activities	<u>5,451</u>	<u>14,238</u>

## Shoe Zone Group Limited

### Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)

#### 25 Notes to the cash flow statement (continued)

##### b) Analysis of net debt

	At 29 September 2012	Cash flow	Non-cash changes	At 5 October 2013
	£'000	£'000	£'000	£'000
Cash at bank and in hand	8,685	(2,133)	-	6,552
Less Deposits treated as liquid resources	(2,001)	2,001	-	-
	<u>6,684</u>	<u>(132)</u>	<u>-</u>	<u>6,552</u>
Liquid resources				
Deposits included within cash	2,001	(2,001)	-	-
	<u>8,685</u>	<u>(2,133)</u>	<u>-</u>	<u>6,552</u>
Debt due within one year	(2,932)	2,264	(1000)	(1,668)
Debt due after one year	(1,000)	-	1000	-
	<u>4,753</u>	<u>131</u>	<u>-</u>	<u>4,884</u>

##### c) Reconciliation of net cash flow to movement in net debt

	5 October 2013	29 September 2012
	£'000	£'000
Decrease in cash in the period	(2,133)	12,215
Cash inflow from movement in debt financing	2,264	2,961
Change in debt arising from cash flows	131	15,176
Opening net debt at 29 September 2012	4,753	(10,423)
Closing net debt at 5 October 2013	<u>4,884</u>	<u>4,753</u>

## **Shoe Zone Group Limited**

### **Notes to the financial statements for the 53 weeks ended 5 October 2013 (continued)**

#### **26 Related party transactions**

The company has loans from the directors MJ Smith, AEP Smith, JCP Smith and members of their family (note 19) During the period, interest of £43,000 (29 September 2012 £118,000) was paid on these loans at commercially appropriate interest rates

During the period, Shoe Zone Limited, a wholly owned subsidiary of the company, paid interest to the directors and members of their families of £32,000 (29 September 2012 £32,000) at commercially appropriate interest rates on unsecured loans made by these parties (note 19)

During the period, rent of £88,000 (29 September 2012 £69,000 paid on two properties) was paid on three properties leased by Shoe Zone Limited to a pension scheme where MJ Smith is a beneficiary The balance due to the scheme at the period end amounted to £nil (29 September 2012 £nil)

During the period Shoe Zone Limited has committed and provided for £100,000 (29 September 2012 £100,000) to be paid to the Shoe Zone Trust, of which MJ Smith, AEP Smith and JCP Smith are trustees

The company has taken advantage of the exemption available under FRS 8 Related Party Disclosures ("FRS 8), not to disclose transactions with entities that are wholly owned subsidiaries of the group

#### **27 Controlling party**

There is no individual ultimate controlling party The company is controlled by the directors