

C. & J. CLARK INTERNATIONAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2012

Company Registration No: 141015



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C. & J. CLARK INTERNATIONAL LIMITED

Company information

Directors	R P Beacham P Davies S M Potter
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Secretary	S Malthouse
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Company number	141015
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Auditor	KPMG LLP Bristol
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C. & J. CLARK INTERNATIONAL LIMITED**Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31st January 2012.

Principal activity and business review

The principal activities of the Company during the year were shoe retailing and manufacturing. Further details of the operations and the trading results for the year are set out on pages 8 to 28. The profit for the year was £55.5m. For further review of the business and results for the year please refer to the Chief Executive's Report on page 10 in the Group financial statements.

Turnover growth, both absolute and like-for-like, and operating profits are key performance indicators for us. We also measure the progress of the Company in terms of cash flow and return on capital employed. The key risks faced by the Company are the needs to continually develop the Clarks brand as a truly global proposition, to differentiate ourselves from the competition and to adapt to the continual changes in the structure of the world shoe markets. For more details of these risks and how they are managed please refer to page 40 in the Group financial statements.

Dividends paid during the year comprise an interim dividend in respect of the year ended 31 January 2012 of £50,000,000 (2011: £35,000,000).

Directors

The directors who held office during the year were

R P Beacham
P Davies
S M Potter

Donations

Donations for charitable purposes made during the year amounted to £0.1m (2011 - £0.2m). No donations were made for political purposes.

Fixed assets

In the opinion of the directors, the market value of land, on an existing use basis, is not significantly different to book value.

Employees

The Board believes that the principle of equality of treatment and opportunity is of fundamental importance. Its long held aim is to provide just and fair treatment for all employees. In accordance with this policy, the only personal attributes that will be taken into account in making decisions about employees are those which relate directly to actual or potential performance.

Throughout the Company, procedures for consultation with, and involvement of, employees are in operation, as appropriate to the circumstances of the individual businesses. Information on matters of concern to employees is given through a variety of presentations, briefings, bulletins and reports.

C. & J. CLARK INTERNATIONAL LIMITED

Directors' report (continued)

The environment

The Company recognises that care and concern for the environment and the community is a fundamental part of the Company's strategy. It is the Company's intention to strive continuously to minimise any adverse environmental impact of business activities, to comply with all relevant environmental legislation and to promote a caring attitude to the environment amongst its employees

Creditor payment policy

The Company's policy is to use standard payment terms, payment being at the end of the month following the invoice date, except for goods for resale which are generally 30 days.

For all trade creditors it is the Company's policy to.

- settle terms of payment with suppliers
- ensure that suppliers are aware of the terms of payment
- make every effort to meet agreed payment dates provided that the agreed terms and conditions have been met by the suppliers.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Disclosure of information to auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board



S Malthouse

Company Secretary

40 High Street
Street
Somerset
BA16 0EQ

Date: 29 August 2012

C. & J. CLARK INTERNATIONAL LIMITED

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of C. & J. Clark International Limited

We have audited the financial statements of C & J Clark International Limited for the year ended 31 January 2012 set out on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 31 January 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of C. & J. Clark International Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



A.C. Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

Date. 29 August 2012

C. & J. CLARK INTERNATIONAL LIMITED
Profit and loss account for the year ended 31st January 2012

	Notes	2012	2011
		£m	£m
Turnover	2	838.2	775.2
Costs less other income		(756.9)	(698.7)
Operating profit	3(a)	81.3	76.5
Profit on disposal of fixed assets	4(a)	0.2	3.9
Profit on disposal of land held for resale	4(b)	-	1.2
Profit before interest		81.5	81.6
Net interest payable	5	(7.4)	(6.7)
Profit on ordinary activities before taxation	3(b)	74.1	74.9
Taxation on profit on ordinary activities	6	(18.6)	(20.1)
Profit for the financial year		55.5	54.8

The turnover and operating result of the Company derive wholly from continuing activities

The notes on pages 11 to 28 form part of the financial statements

C. & J. CLARK INTERNATIONAL LIMITED
Balance sheet as at 31st January 2012

		2012		2011	
	Notes	£m	£m	£m	£m
Fixed assets					
Intangible fixed assets	8		0.5		0.5
Tangible fixed assets	9		139.1		136.8
Investments	10		3.7		1.8
			<u>143.3</u>		<u>139.1</u>
Current assets					
Stock	12	190.9		181.1	
Debtors falling due within one year	13	312.1		282.7	
Cash at bank and in hand		<u>37.7</u>		<u>36.6</u>	
		540.7		500.4	
Creditors:					
amounts falling due within one year	14	<u>(422.9)</u>		<u>(374.0)</u>	
Net current assets			<u>117.8</u>		<u>126.4</u>
Total assets less current liabilities			261.1		265.5
Provisions for liabilities	15		<u>(15.4)</u>		<u>(17.7)</u>
Net assets before pension liability			245.7		247.8
Pension liability	20		<u>(62.8)</u>		<u>(77.5)</u>
Net assets including pension liability			<u>182.9</u>		<u>170.3</u>
Capital and reserves					
Called up share capital	17		18.0		18.0
Revaluation reserve	18		0.6		0.6
Profit and loss account	18		<u>164.3</u>		<u>151.7</u>
Shareholders' funds			<u>182.9</u>		<u>170.3</u>

The financial statements of C & J Clark International Limited, registered number 141015, were approved by the Board of Directors and signed on its behalf by:


R P Beacham
Director

Date. 29 August 2012

The notes on pages 11 to 28 form part of the financial statements

C. & J. CLARK INTERNATIONAL LIMITED**Statement of total recognised gains and losses for the year ended 31st January 2012**

	2012 £m	2011 £m
Profit for the financial year	55.5	54.8
Actuarial gain/(loss) on pension scheme (net of deferred taxation)	9.4	(7.2)
Deferred tax on pension liability due to tax rate change	(2.5)	(2.0)
Corporation tax credit arising on pension contributions in excess of current year pension charge	2.5	6.5
Related deferred tax charge on pension contributions in excess of current year pension charge	(2.5)	(6.5)
Total recognised gains and losses arising during the financial year	<u>62.4</u>	<u>45.6</u>

Reconciliation of movements in shareholders' funds for the year ended 31st January 2012

	2012 £m	2011 £m
Total recognised gains and losses arising during the financial year	62.4	45.6
Dividends paid	(50.0)	(35.0)
Share-based payment	0.2	0.2
Net increase in shareholders' funds	12.6	10.8
Opening shareholders' funds	170.3	159.5
Closing shareholders' funds	<u>182.9</u>	<u>170.3</u>

Note of historical cost profits and losses for the year ended 31st January 2012

	2012 £m	2011 £m
Profit on ordinary activities before taxation	74.1	74.9
Difference between historical cost depreciation charge and actual depreciation charge for the year	-	-
Historical cost profit on ordinary activities before taxation	<u>74.1</u>	<u>74.9</u>
Historical cost profit for the year retained after taxation	<u>55.5</u>	<u>54.8</u>

The notes on pages 11 to 28 form part of the financial statements

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012**

1. Accounting policies

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

Basis of preparation

These financial statements have been prepared on the historical cost convention as modified to include the revaluation of freehold and long leasehold land and buildings, and in accordance with applicable accounting standards

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Financial statements

The Company is exempt from the requirement to prepare Group financial statements by virtue of s400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking and not about its Group.

Investments in Subsidiary companies and Joint Ventures

Investments are stated at cost less provisions for any impairment in value

Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets except freehold land and assets in the course of construction in order to write off the original cost, less estimated residual value, evenly over the average expected useful life of the asset as follows

Freehold and long leasehold buildings	50 years
Short leasehold property	lower of 14 years or the life of the lease or the period to the first rent review
Plant, machinery and fixtures	3 - 20 years
Motor vehicles	3 - 5 years
Computer hardware	3 - 10 years

Capitalisation of software costs

Software costs are capitalised and amortised over 3 to 10 years. Where appropriate these costs include elements of fees paid to external consultants.

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)**

1. Accounting policies (continued)**Intangible fixed assets**

Trademarks are stated at purchase cost and amortised over a period of 20 years

When a franchisee enters into an agreement with the Company to operate an international franchise store, under the terms of the agreement the Company may pay the franchisee a contribution as consideration for agreeing to the terms of the agreement in respect of the opening and operation of the store, including a minimum purchasing requirement. This contribution is capitalised as a franchise licence and the cost is amortised over the length of the agreement which is 5 years

Leased assets

Fixed assets held under finance leases are capitalised and depreciated over the shorter of the lease term or their expected useful lives. The related lease obligations are included in creditors. The finance charges are charged to the profit and loss account over the primary period of the lease. Operating lease rentals are charged to the profit and loss account as incurred.

Revenue recognition

Sales in the normal course of business are recognised on legal transfer of title, and are accounted for net of sales discounts, sales taxes and returned goods.

Profits on the sale of property are recognised on completion, unless the exchange of contracts is unconditional, in which case the profit will be recognised at that stage.

Research and development

All expenditure on research and development is written off in the year in which it is incurred.

Stock

Stock has been stated at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Deferred tax is not recognised on permanent differences such as revaluation gains, gains rolled over into new assets, and unremitted overseas earnings.

Pension costs

The cost of providing pension benefits has been charged to the profit and loss account in accordance with the requirements of FRS 17 'Retirement Benefits'.

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)**

1. Accounting policies (continued)**Foreign currency**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Share-based payments

The Group operates an All Employee Share Incentive Plan (SIP). Under the scheme employees are given a free matching share for each partnership share purchased at market value. This has been accounted for under FRS 20 Share-based payments. Under the standard the matching shares qualify as equity settled share based payments to be recognised at fair value at the date of grant. Effectively the fair value of a matching share is the cost of the partnership share. The cost of the share based payments must be spread over the period until the shares are owned by the employee (the vesting period). The vesting period for the matching shares is four years. This has resulted in a current year charge of £0.2m (2011 - £0.2m).

Related party transactions

As the Company is a wholly owned subsidiary of C. & J. Clark Limited, the Company has taken advantage of the exemption contained in FRS 8 and not disclosed transactions or balances with wholly-owned subsidiaries which form part of the Group. The consolidated financial statements of C. & J. Clark Limited, within which the results of this Company are included, can be obtained from Companies House at the address shown in Note 23.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****2. Analysis of turnover**

The turnover of the Company derives from its activities in the shoe trade

The geographical source of turnover is principally the UK and the turnover by ultimate geographical market is: -

	2012	2011
	£m	£m
UK	602.9	582 0
North America	12.0	6.6
Europe	144.8	136 6
Rest of the World	78.5	50 0
	<u>838.2</u>	<u>775 2</u>

Turnover with other Group companies of £78 0m (2011 - £67 2m) is included within the above figures

3. Operating profit and costs**a) Costs less other income**

	2012	2011
	£m	£m
Turnover	838.2	775 2
Cost of sales	<u>(435.1)</u>	<u>(380 6)</u>
Gross profit	403.1	394 6
Distribution costs	<u>(236.4)</u>	<u>(221 9)</u>
Administrative expenses	<u>(85.4)</u>	<u>(96.2)</u>
Operating profit	<u>81.3</u>	<u>76 5</u>

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****3 Operating profit and costs (continued)****b) Other costs charged/(credited) in arriving at operating profit includes:**

	2012	2011
	£m	£m
Amortisation of intangible assets	-	0.1
Depreciation of owned assets	17.9	19.2
Operating lease rentals		
- land and buildings	65.1	65.8
- plant and equipment	1.1	1.0
Auditors remuneration		
- audit of these financial statements	0.1	0.2
Operating lease rental income		
- land and buildings	(3.9)	(5.2)
Share-based payment		
- Equity-settled	0.2	0.2

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, C&J Clark Limited.

c) Average number of full-time and part-time employees

	2012	2011
	Number	Number
Sales and distribution	10,595	10,350
Administration	1,130	1,046
	11,725	11,396

The average number of employees has been calculated on a monthly weighted average. The total number of employees at year end was 11,906 (2011 – 12,121).

d) Employment costs in respect of the foregoing:

	2012	2011
	£m	£m
Wages and salaries	120.0	120.6
Social security costs	8.8	8.3
Pension current service cost – defined benefit schemes (see note 20)	8.0	7.4
Pension contributions – defined contribution scheme (see note 20)	1.2	1.3
	138.0	137.6

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****3 Operating profit and costs (continued)****e) Aggregate emoluments of the directors:**

	2012 £m	2011 £m
Directors' services		
- salaries and benefits	2.1	2.5
- long-term incentives charge for the year	0.6	3.0
	<u>2.7</u>	<u>5.5</u>

The emoluments of the highest paid director totalled £1.1m (2011 - £1.1m). Retirement benefits are accruing for three directors under defined benefit schemes (2011 – three).

4. Exceptional items**a) Profit on disposal of fixed assets**

	2012 £m	2011 £m
Property disposals surplus over net book value	0.2	3.9

b) Profit on disposal of land held for resale

	2012 £m	2011 £m
Disposal profit on sale of Houndwood land	-	1.2

5. Net interest payable

	2012 £m	2011 £m
Interest payable	0.3	0.3
Interest receivable	-	(0.1)
Net interest cost on assets and liabilities of pension scheme (see note 20)	7.1	6.5
	<u>7.4</u>	<u>6.7</u>

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****6. Taxation on profit on ordinary activities****a) Analysis of charge in the year:**

	2012	2011
	£m	£m
Current taxation		
UK corporation tax at 26.3% (2011 – 28.0%)	15.4	14.8
Group relief	0.7	0.3
Adjustments in respect of prior periods	(0.7)	-
Tax credit on pension contributions recognised in reserves	2.5	6.5
Total current taxation (see note 6(b))	<u>17.9</u>	<u>21.6</u>
Movement in deferred taxation		
Effective change in tax rate	(0.5)	-
Other origination and reversal of timing differences (see note 16)	1.2	(1.5)
	<u>0.7</u>	<u>(1.5)</u>
Taxation on profit on ordinary activities	<u>18.6</u>	<u>20.1</u>

b) Factors affecting tax charge:

The tax assessed for the year is lower than the standard rate of Corporation Tax in the UK, which is 26.3% (2011 – 28.0%). The differences are explained below.

	2012	2011
	£m	£m
Profit on ordinary activities before tax	<u>74.1</u>	<u>74.9</u>
At the average standard rate of Corporation Tax for the year in the UK of 26.3% (2011 – 28.0%)	19.5	20.9
Depreciation on items not qualifying for Capital Allowances	0.7	0.8
Deferred tax rate reduction	(0.2)	(1.0)
Profit on disposal of assets	-	(0.2)
Adjustments in respect of prior periods	(1.6)	-
Other	0.2	(0.4)
	<u>18.6</u>	<u>20.1</u>
Movement in deferred taxation	(0.7)	1.5
Total current taxation (see note 6(a))	<u>17.9</u>	<u>21.6</u>

c) Factors affecting future tax charges:

The Company intends to continue to hold assets that do not qualify for capital allowances

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £0.4m (2011 - £0.4m).

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****7. Dividends paid and proposed**

	2012	2011
	£m	£m
Equity dividends		
Ordinary Share dividends paid	<u>50.0</u>	<u>35.0</u>

8. Intangible fixed assets

	Trademark & Franchisee licences	Total
	£m	£m
Cost or valuation		
At 31st January 2011 and 31 January 2012	0.6	0.6
Amortisation		
At 31st January 2011 and 31 January 2012	0.1	0.1
Net book value		
At 31st January 2011 and 31st January 2012	<u>0.5</u>	<u>0.5</u>

The trademark relates to the Clarks brand name in Brazil

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****9 Fixed assets - tangible assets****a) Summary**

	Land and Buildings			Plant & Equipment	Total
	Freehold	Leasehold			
		Long	Short		
	£m	£m	£m	£m	£m
Cost or valuation					
At 31st January 2011	47.7	0.8	7.4	219.3	275.2
Additions	1.3	-	0.5	20.1	21.9
Disposals	(1.0)	-	(0.1)	(6.2)	(7.3)
At 31st January 2012	<u>48.0</u>	<u>0.8</u>	<u>7.8</u>	<u>233.2</u>	<u>289.8</u>
Depreciation					
At 31st January 2011	5.9	0.1	5.7	126.7	138.4
Charge for the year	0.9	0.1	0.5	16.4	17.9
Disposals	(0.4)	-	(0.1)	(5.1)	(5.6)
At 31st January 2012	<u>6.4</u>	<u>0.2</u>	<u>6.1</u>	<u>138.0</u>	<u>150.7</u>
Net book value					
At 31st January 2012	<u>41.6</u>	<u>0.6</u>	<u>1.7</u>	<u>95.2</u>	<u>139.1</u>
At 31st January 2011	<u>41.8</u>	<u>0.7</u>	<u>1.7</u>	<u>92.6</u>	<u>136.8</u>

b) Valuation of land and buildings

	Freehold	Long Leasehold	Short Leasehold	Total
	£m	£m	£m	£m
Land and buildings are stated at				
Valuation less depreciation	6.1	0.6	-	6.7
Cost less depreciation	<u>35.5</u>	<u>-</u>	<u>1.7</u>	<u>37.2</u>
	41.6	0.6	1.7	43.9

At historical cost, the comparable amounts would be

Cost	47.9	0.6	7.8	56.3
Depreciation	(6.6)	(0.2)	(6.1)	(12.9)
Net book value	<u>41.3</u>	<u>0.4</u>	<u>1.7</u>	<u>43.4</u>

The gross book value of freehold land and buildings includes land which is not depreciated of £20.3m (2011 - £20.6m). In accordance with the transitional provisions of FRS 15, freehold and long leasehold land and buildings are shown at valuations on adoption of FRS 15 and will not be updated.

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****9. Fixed assets – tangible assets (continued)****c) Leased assets**

Plant and equipment includes leased assets with a net book value of £Nil (2011 - £Nil)

10. Investments

	Total £m
Cost	
At 31 st January 2011	2 1
Additions	1 9
At 31 st January 2012	<u>4 0</u>
Provision for impairment	
At 31 st January 2011 and at 31 st January 2012	0 3
Net book value	
At 31 st January 2012	<u>3.7</u>
At 31 st January 2011	<u>1 8</u>

11. Shares in Group undertakings

The Company holds the following significant investments of the Group

Name of company	Country of Incorporation	Proportion held by Company
Subsidiaries		
Hallco 367 Limited	England	100%
Clarks Shoes Australia Limited	Australia	100%
Clarks Dongguan Footwear Services Company Limited	China	100%
Joint Ventures		
Clarks Future Footwear Limited	India	50%

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****12 Stocks and work in progress**

	2012	2011
	£m	£m
Finished goods and goods for resale	<u>190.9</u>	<u>181.1</u>

13. Debtors

	2012	2011
	£m	£m
Trade debtors	51.8	52.9
Amounts due from Group undertakings	237.7	210.4
Other debtors	0.5	0.1
Prepayments and accrued income	<u>22.1</u>	<u>19.3</u>
	<u>312.1</u>	<u>282.7</u>

14. Creditors: amounts falling due within one year

	2012		2011	
	£m	£m	£m	£m
Bank loans and overdrafts		46.2		28.4
Trade creditors		67.1		69.5
Amounts owed to Group undertakings		278.5		232.2
Taxation and social security				
Corporation tax	6.6		7.0	
Other taxes	6.5		8.2	
PAYE & national insurance	<u>3.3</u>		<u>3.1</u>	
		16.4		18.3
Other creditors		0.9		0.5
Accruals and deferred income		<u>13.8</u>		<u>25.1</u>
		<u>422.9</u>		<u>374.0</u>

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****15. Provisions for liabilities**

	At 31 st January 2011 £m	Provided in year £m	Released in year £m	Utilised £m	At 31 st January 2012 £m
Long-term incentive plan	11.4	1.8	-	(4.8)	8.4
Dilapidation provision	0.8	0.4	-	(0.4)	0.8
Onerous lease provision	0.5	-	-	(0.3)	0.2
Other	0.4	-	-	(0.2)	0.2
	<u>13.1</u>	<u>2.2</u>	<u>-</u>	<u>(5.7)</u>	<u>9.6</u>
Deferred taxation (see note 16)	4.6	1.2	-	-	5.8
	<u>17.7</u>	<u>3.4</u>	<u>-</u>	<u>(5.7)</u>	<u>15.4</u>

16. Deferred taxation

	2012 £m	2011 £m
Accelerated capital allowances	6.5	7.0
Short term timing differences	(0.8)	(2.4)
Holdover Relief	<u>0.1</u>	<u>-</u>
	<u>5.8</u>	<u>4.6</u>

	2012 £m
Provision at start of year	4.6
Deferred taxation charge in profit and loss account for year (see note 6(a))	<u>1.2</u>
Provision at end of year	<u>5.8</u>

17. Share capital

	2012 £m	2011 £m
Authorised, issued, allotted and fully paid 18,028,202 ordinary shares of £1 each	<u>18.0</u>	<u>18.0</u>

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****18. Movements on reserves**

	Revaluation reserve	Profit & loss account	Total
	£m	£m	£m
At 31st January 2011 as previously reported	0.6	151.7	152.3
Retained profit for the year	-	55.5	55.5
Actuarial gain on pension scheme	-	12.5	12.5
Associated deferred tax on actuarial gain	-	(3.1)	(3.1)
Deferred tax on pension liability due to tax rate change	-	(2.5)	(2.5)
Share-based payment	-	0.2	0.2
Dividends paid	-	(50.0)	(50.0)
At 31st January 2012	0.6	164.3	164.9

Included within the profit and loss account is £0.2m (2011 - £0.2m) that is not distributable.

19. Financial commitments

Commitments by the Company for capital expenditure not provided for in the financial statements were -

	2012 £m	2011 £m
Contracted but not provided for	<u>5.6</u>	<u>4.1</u>

Annual commitments by the Company in respect of non-cancellable operating leases were -

	Land and buildings		Plant and equipment	
	2012 £m	2011 £m	2012 £m	2011 £m
Expiring within one year	4.1	6.1	0.1	0.1
Expiring between two and five years	19.7	20.5	0.7	0.7
Expiring after five years	34.8	35.2	-	-
	<u>58.6</u>	<u>61.8</u>	<u>0.8</u>	<u>0.8</u>

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****20. Pension commitments*****FRS 17 Retirement Benefits:***

The Company operates two defined benefit schemes the C&J Clark Pension Fund (the Fund) and the Clarks Flexible Pension Scheme (the Scheme) A full actuarial valuation of the Fund was carried out at 5 April 2011 and an actuarial report of the Scheme was carried out at 5 April 2009 These were updated to 31 January 2012 by a qualified independent actuary

	2012 £m	2011 £m
Change in benefit obligation for defined benefit sections		
Benefit obligation at 1 st February 2011	761.0	710.0
Current service cost	8.0	7.4
Interest cost	41.8	40.0
Plan participants' contributions	0.3	0.4
Past service costs	-	-
Actuarial gains	49.8	40.7
Benefits paid	(38.3)	(37.5)
Benefit obligation at 31st January 2012	822.6	761.0
Analysis of benefit obligation for defined benefit sections		
Plans that are wholly or partly funded	822.6	761.0
Plans that are wholly unfunded	-	-
Total	822.6	761.0
	2012 £m	2011 £m
Change in plan assets for defined benefit sections		
Fair value of plan assets at 1 st February 2011	654.9	590.0
Expected return on plan assets	34.7	33.5
Actuarial gains	62.3	30.9
Employer contribution	24.9	37.6
Member contributions	0.3	0.4
Benefits paid	(38.3)	(37.5)
Fair value of plan assets at 31st January 2012	738.8	654.9
Funded status	(83.8)	(106.1)
Unrecognised past service cost	-	-
Net amount recognised	(83.8)	(106.1)

In addition, the value of the assets and liabilities held in the defined contribution section of the Fund amounted to £21.8m as at 31st January 2012 (2011 - £21.8m) and the value of the assets and liabilities held in the defined contribution section of the Scheme amounted to £4.6m as at 31 January 2012 (2011 - £3.5m)

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****20. Pension commitments (continued)*****FRS 17 Retirement Benefits continued:***

	2012	2011
	£m	£m
Components of pension cost		
Current service cost – defined benefit scheme	8.0	7.4
Contributions – defined contribution scheme	1.2	1.3
Interest cost	41.8	40.1
Expected return on plan assets	(34.7)	(33.5)
Total pension cost recognised in the Profit & Loss Account	16.3	15.3
Actuarial (gains)/losses immediately recognised	(12.5)	9.8
Total pension cost recognised in the Statement of Total Recognised Gains and Losses	(12.5)	9.8
Cumulative amount of actuarial gains immediately recognised since 1 February 2005	47.9	60.4
	2012	2011
	£m	£m
Movement in deficit during the year		
Deficit in the scheme at 1 st February 2011	(106.1)	(120.0)
Current service cost	(8.0)	(7.4)
Contributions	24.9	37.6
Net interest cost	(7.1)	(6.5)
Actuarial gain/(loss)	12.5	(9.8)
Deficit in the scheme at 31st January 2012	(83.8)	(106.1)
Associated deferred tax asset		
Deferred tax asset at 1 st February 2011	28.6	33.6
Deferred tax charge on pension contributions in excess of current year pension charge	(2.5)	(6.5)
Effective change in tax rate	(2.0)	(1.1)
Movements on actuarial (gain)/loss	(3.1)	2.6
Deferred tax asset at 31st January 2012	21.0	28.6
Net pension liability at 1 st February 2011	(77.5)	(86.4)
Net pension liability at 31st January 2012	(62.8)	(77.5)

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****20. Pension commitments (continued)*****FRS 17 Retirement Benefits continued:*****Plan Assets**

The weighted average asset allocations at the year end were as follows

	2012	2011
Asset Category		
Equities	39.27%	39.39%
Bonds	59.96%	59.88%
Cash	0.77%	0.73%
	100.00%	100.00%

Amounts included in the fair value of assets for:

Financial instruments	-	-
Property occupied or other assets used	-	-

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, the expectation for future returns of each asset class and the expected expenses of operating the schemes. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 4.42% assumption for the year ended 31 January 2012 (2011 – 5.67%)

	2012 £m	2011 £m
Actual return on plan assets	97.0	64.4

Weighted average assumptions used to determine benefit obligations

	2012	2011
Discount rate	4.70%	5.60%
Rate of increase in salaries:		
Senior Executives	5.10%	5.50%
Others	4.60%	5.00%
Rate of increase in pensions in payment:		
Fund	3.10%	3.40%
Scheme	2.00%	2.25%
Rate of increase in pensions in deferment	2.10%	3.00%
Inflation assumption	3.10%	3.50%

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)****20. Pension commitments (continued)*****FRS 17 Retirement Benefits continued:*****Weighted average assumptions used to determine net pension cost for the year end**

	2012	2011
Discount rate	5.60%	5.75%
Expected long-term return on plan assets	4.42%	5.67%
Rate of increase in salaries	Senior Executives 5.50%	5.50%
	Others 5.00%	5.00%
Rate of increase in pensions in payment	Fund 3.40%	3.40%
	Scheme 2.25%	2.25%
Rate of increase in pensions in deferment	3.00%	3.40%
Inflation assumption	3.10%	3.50%

Weighted average life expectancy for mortality tables used to determine benefit obligations

	2012		2011	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.9	23.5	20.3	23.2
Member age 45 (life expectancy at age 65)	24.7	25.0	21.3	24.1

Five year history	2012	2011	2010	2009	2008
	£m	£m	£m	£m	£m
Benefit obligation at end of year	(822.6)	(761.0)	(710.0)	(617.9)	(658.9)
Fair value of plan assets at end of year	738.8	654.9	590.0	482.9	582.0
Deficit in scheme	(83.8)	(106.1)	(120.0)	(135.0)	(76.9)
Related deferred tax assets	21.0	28.6	33.6	37.8	21.5
Net pension liability	(62.8)	(77.5)	(86.4)	(97.2)	(55.4)
Actual return less expected return on scheme assets	62.3	30.9	89.2	(112.0)	(18.2)
Percentage of year-end scheme assets	8.4%	4.7%	15.1%	(23.2%)	(3.1%)
Experience (losses)/ gains arising on scheme liabilities	(49.8)	(40.7)	(81.3)	3.6	(5.6)
Percentage of year-end scheme liabilities	(6.1%)	(5.3%)	(11.5%)	0.6%	(0.8%)

Contributions

Under the current schedule of contributions, the Company expects to contribute £17m to the UK schemes in the year ended 31 January 2012

C. & J. CLARK INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31st January 2012 (continued)**

21. Contingent liabilities

There were no contingent liabilities at the year end (2011 £Nil)

22. Related party transactions**Control**

As stated in the Annual Report of the Company's ultimate parent company, family shareholders hold 84.2% of that Company's ordinary shares

Transactions with subsidiaries

As the Company is a wholly owned subsidiary of C&J Clark Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly-owned subsidiaries that form part of the Group. The consolidated financial statements of C&J Clark Limited, within which this Company is included, can be obtained from Companies House at the address shown in Note 23.

Transactions with joint ventures

During the year, the Company invested £1.7m (2011 – £0.3m) in Clarks Future Footwear Limited, a joint-venture incorporated in India. During the year, sales to Clarks Future Footwear Limited totalled £2.2m (2011 – £0.4m) and the balance due from Clarks Future Footwear Limited at 31 January 2012 was £0.8m (2011 – £0.4m).

23. Ultimate holding company

The Company's immediate parent undertaking is C. & J. Clark (Holdings) Limited.

In the directors' opinion, the Company's ultimate parent company and controlling party is C&J Clark Limited, which is incorporated in England. Copies of its consolidated financial statements, which include the Company, are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.