C&J CLARK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2017

WHAT WE KNOW AND HOW WE THINK. WHO WE ARE, WHERE WE'RE FROM AND HOW WE BEHAVE.

THESE ARE THE INSPIRATIONS THAT WE VALUE AS WE BUILD BRAND AND BUSINESS.

We have a long-established tradition of making great shoes. We are also renowned innovators. Combine our knowledge of what makes the best shoes with our vision for what will make shoes even better, and you have what Clarks is – and should be – all about.

Clarks is not about fashion. The opposite, in fact. Our shoes are contemporary, innovative and unique. Technologic marvels that provide people across the globe with superior quality and comfort. They embrace a world where there is great value in individualism, where we're united by spirit, not boundaries. They're about setting you free, rather than making sure you comply with the latest 'new thing'.

An extraordinary brand starts with extraordinary people. We are the facilitators of the creative evolution of Clarks, and it's a journey we embark on together. The road to success is constantly under construction and, although the way in which we tell our story will evolve, our code will always remain. We are shoemakers. Our shoes symbolise who we are – innovative pioneers providing customers across the world with tomorrow's shoes today.

The UK voting to leave the European Union after 43 years, together with the election of a new American president, helped to make 2016 a year of significant change. For Clarks it was a year of significant challenges too, with factors like a slowdown in the Chinese economy, an excess inventory position and the need to restructure the organisation all threatening to undermine our ambition to continue building brand and business.

However, with new and focused leadership and the continued support of our colleagues in all four corners of the globe, we are successfully addressing those challenges and more, so that we can face the future with optimism.

In this Annual Report we reflect on the changing times and how we are changing with them. We acknowledge the advances we've made, the successes we've had. We look back at our performance in the UK, in Europe, in the Americas and in Asia Pacific. And we look forward, outlining our plans for developing the business and maintaining momentum.

As 2017/18 unfolds, our mission is Never Stand Still. Coupled with our belief that everyone should have good shoes and compelled by a commitment to our Lasting Principles, we are confident Clarks can seize the opportunities that lie ahead, growing sustainably and responsibly.

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RESULTS AT A GLANCE

		2017 £m	2016 £m
Group turnover		**£1,654.7m**	£1,533.6m
Group operating profit		**£39.1m**	£45.8m
Basic earnings per ordinary share		**41.5p**	60.7p
Dividends per ordinary share	interim (paid October 2016)	**7.0p**	11.5p
	second interim (payable April 2017)	**14.0p**	21.0p
Net borrowings		**£133.7m**	£183.3m

Basic earnings per ordinary share (pence)

2013	137.8
2014	149.3
2015	134.6
2016	60.7
2017	**41.5**

Group turnover (£m)

2013	1,460.6
2014	1,541.0
2015	1,494.4
2016	1,533.6
2017	**1,654.7**

Profit before taxation (£m)

2013	113.6
2014	119.8
2015	98.8
2016	35.0
2017	**19.9**

Return on capital employed (%)

2013	20.3
2014	19.3
2015	16.6
2016	5.9
2017	**5.6**

Group turnover by region (%)

UK & ROI	38.2
Americas	39.6
Europe	9.2
Asia Pacific	10.9
Group items	2.1

Total regional controllable profit (%)

UK & ROI	41.3
Americas	25.4
Europe	14.7
Asia Pacific	18.6

SUMMARY OF TRADING RESULTS

Group turnover

	2017 £m	2016 £m
UK & ROI	**632.3**	654.4
Americas	**654.5**	568.3
Europe	**152.4**	143.4
Asia Pacific	**180.6**	167.7
Group items	**34.9**	(0.2)
Group Turnover	**1,654.7**	1,533.6

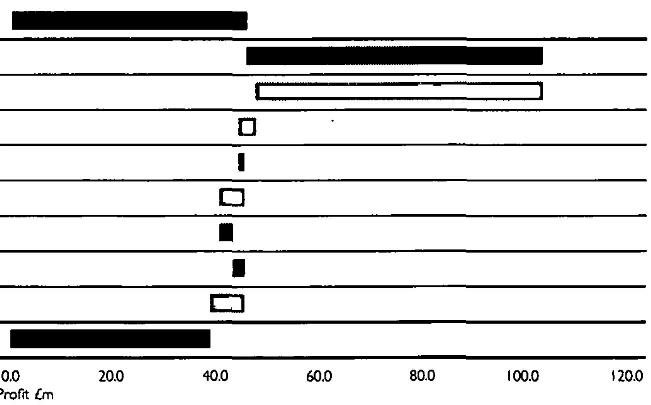
Group operating profit

	2017 £m	2016 £m Restated
UK & ROI	**93.1**	94.4
Americas	**57.3**	56.6
Europe	**33.2**	38.9
Asia Pacific	**42.1**	41.0
Total regional controllable profit	**225.7**	230.9
Group & Enabling Overheads	**(152.2)**	(154.8)
Group trading profit	**73.5**	76.1
Non trading items	**(9.8)**	(12.3)
Underlying Group operating profit	**63.7**	63.8
Non underlying items	**(35.6)**	(18.7)
Foreign exchange movements	**9.6**	0.2
Joint venture trading elimination	**1.4**	0.5
Group operating profit	**39.1**	45.8

Non trading items comprise Group overheads, holding company activity and central pension costs.

Key profit drivers of Group operating profit

	£m
January 2016 Group operating profit	**45.8**
Increase in pairage volume sold	57.7
Decrease in average selling price	(55.6)
Increase in other product costs	(3.7)
Decrease in brand marketing investment	1.1
Increase in other region overheads	(4.8)
Decrease in group and enabling overheads	2.6
Decrease in non trading items	2.6
Increase in non underlying other items	(6.6)
January 2017 Group operating profit	**39.1**

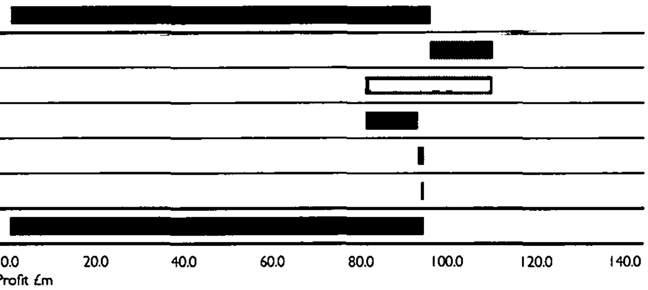


Increase   Decrease   Total

Key profit drivers of regional trading results

UK & ROI region

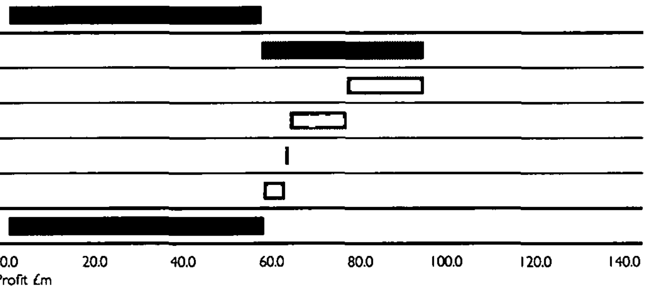
	£m
January 2016 regional controllable profit	**94.4**
Increase in pairage volume sold	14.1
Decrease in average selling price	(28.9)
Decrease in other product costs	12.4
Decrease in brand marketing investment	1.2
Increase in other region overheads	(0.1)
January 2017 regional controllable profit	**93.1**



Increase Decrease Total

Americas region

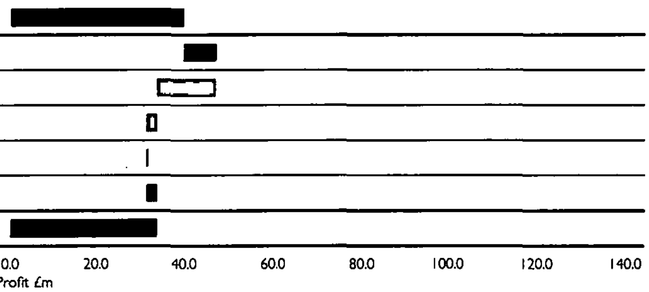
	£m
January 2016 regional controllable profit	**56.6**
Increase in pairage volume sold	36.7
Decrease in average selling price	(17.2)
Increase in other product costs	(12.9)
Increase in brand marketing investment	(0.8)
Increase in other region overheads	(5.1)
January 2017 regional controllable profit	**57.3**



Increase Decrease Total

Europe region

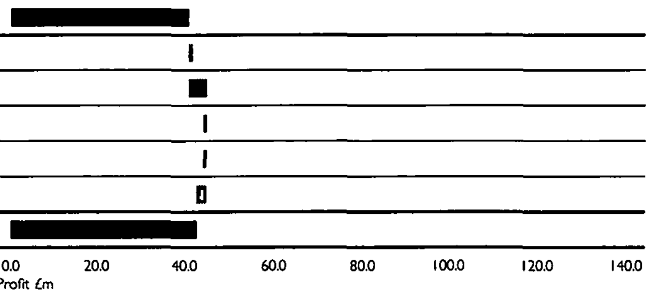
	£m
January 2016 regional controllable profit	**38.9**
Increase in pairage volume sold	7.5
Decrease in average selling price	(13.2)
Increase in other product costs	(2.4)
Brand marketing investment	–
Decrease in other region overheads	2.4
January 2017 regional controllable profit	**33.2**



Increase Decrease Total

Asia Pacific region

	£m
January 2016 regional controllable profit	**41.0**
Decrease in pairage volume sold	(0.6)
Increase in average selling price	3.8
Increase in other product costs	(0.8)
Decrease in brand marketing investment	0.7
Increase in other region overheads	(2.0)
January 2017 regional controllable profit	**42.1**



Increase Decrease Total

The bridges have been prepared using our hedged exchange rates for all entities to allow for comparability year on year and by business unit

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CHAIRMAN'S STATEMENT

The business has made tangible progress in 2016/17, particularly in addressing several significant issues. Notably, the Company saw an uptick in consolidated sales and underlying Group operating profit was in line with the prior year. In addition a meaningful reduction in inventory resulted in a much stronger balance sheet with the net borrowings position of the Group considerably improved, despite the extremely challenging trading environments around the globe which show little sign of abating. The impact of non-underlying items, partially offset by net foreign exchange translations, brought Group operating profit slightly below the previous year. The past year was focused on stabilising the business and we can expect the stabilisation to continue through 2017/18 after which we anticipate a return to meaningful growth in profitability and returns to our shareholders.

Turnover, on a consolidated basis improved over last year from £1.5 billion to £1.6 billion; or, up +7.9%. On a constant currency basis turnover was in line with the prior year. The increase in turnover, year-on-year to a large extent was due to favourable exchange rates when translating sales revenue from US Dollars into Sterling at a consolidated Group level. A full review of trading performance by region for the year can be found in the Chief Executive Officer's review.

Since the introduction of FRS 102, the Group has chosen to use an internal measure of underlying Group operating profit (further details can be seen on the Results at a Glance page 15) as a true reflection of the ongoing performance of the Group before the effects of volatile foreign exchange and other one-off or non-underlying items. For the year ended 31st January 2017, underlying Group operating profit was £63.7m compared to £63.8m last year. Lower realised margins on the sale of excess inventory contributed to what could have been a higher underlying Group operating profit in a higher margin environment.

Group operating profit, including non-underlying items and foreign exchange movement was £39.1m for the year and compared to a profit of £45.8m for the previous year. Three non-underlying, items account for the decrease. Firstly, the costs of implementing the restructure in February 2016 were £16.7m, having booked £12.8m in the first half of the year. Secondly, a cost of £11.7m, having booked £2.5m in the first half of the year, arose due to the significant reduction in gross margins as we disposed of the excess inventory. Consistent with the July 2016 Interim Report, part of the excess inventory and the gross margins achieved are, as planned lower than we would expect normally but above the cost of the product. Hence, it was not part of the below cost provision booked as at 31st January 2016. Thirdly, a fixed asset write down cost of £7.2m, £6.7m of which relates to the write down of a fixed asset (Global Product System) due to its limited value. These costs totalled £35.6m and have been recognised within Group operating profit. In the prior year the comparative amount of non-underlying items was £18.7m representing a significant one-off inventory provision. Positive foreign exchange movement of £9.6m this year compares to a £0.2m gain last year. A full explanation is provided in the Chief Executive Officer's and the Chief Financial Officer's reviews.

In 2016/17 the business aligned behind three fundamental objectives set out at the beginning of the year. They were: the need to restructure the business, the need to address a high cost base and the need to work through a sizable overstock position. I reported to you in July the progress we had made in respect of the restructure and to a lesser extent some of the progress made on cost savings. I'm pleased to report that on a full year-on-year basis our operating overhead costs have decreased by £6.0m excluding impact of exchange. Against a backdrop of continued underlying inflation, incremental costs incurred due to additional warehousing space for the excess inventory and, for the period from April 2016 the additional costs in the UK associated with the National Living Wage, any level of savings against the prior year is a creditable performance by our management team.

Having stepped up as Executive Chairman in September 2015 at the Board's request, a key priority was to secure a Chief Executive Officer for the Group. I was delighted to announce on the 30th September 2016 that Mike Shearwood had joined the Group as Chief Executive Officer (CEO). During a transition period of 3 months the Governance Committee was disbanded, as planned, and I returned to my role as the Non-Executive Chairman of the Board, effective 1st January 2017. I would like to acknowledge my thanks and the thanks of the Board of Directors to Nigel Hall and to Hugh Clark who with me formed the Governance Committee. Their sound counsel and unwavering support over the twelve months the committee operated, aided the business in a meaningful way including the smooth handover to Mike following his arrival.

Mike is recognised for his leadership of successful international businesses. Having now worked closely with Mike for the past six months I can see that his drive, his determination, his experience and his infectious enthusiasm and passion will be an asset to Clarks over the coming years. He has immediately started to grapple with the challenges we face and has balanced the need for immediate and somewhat tactical actions, particularly in light of the EU referendum vote, with the need to develop the Clarks brand for the longer term. In many areas Mike is taking on the work that the Governance Committee and the management team had started in 2015/16 and he has identified and embarked upon strengthening and enhancing the business in other important areas.

A key issue that the business faced eighteen months ago and one upon which I reported previously to you was the net borrowings position of the Group. It had increased noticeably and quickly as noted in the 31st January 2016 report and accounts. The Group's net debt position had risen during 2015/16 from a fiscal year start position of £66.8m to £183.3m at the close of the year. A priority of the management team with the Board's oversight during 2016/17 was to stem the outflow of cash, stabilise borrowings and then put the business on a track to generate a positive, sustainable net cash flow. I'm heartened and pleased to report that such a turnaround was launched with formidable results in a relatively short time period; and ahead of our plans. Net debt has ended this year at £133.7m with a significant cash reversal during the last half of the year. This reversal was a direct result of the Group's focus on extending supplier payment terms, careful management of overhead and expenses, judicious and targeted capital expenditure and, most importantly, the clearance of excess inventories coupled with a reduction in overall inventory levels.

The Group's progress in respect of clearing excess inventory has been consistent, planned and disciplined with a very positive outcome for our business. The overstock was identified and analysed at the end of 2015/16 and an 18 month plan formulated to clear it. The Senior Leadership Team has executed the plan with determination, with speed and importantly in line with the financial targets set by the business at the start of the year. In total, 3.2m pairs of excess inventory were cleared during the year with the remaining 1.1 million pairs to be cleared in the first half of 2017 as planned. The effort is explained in greater detail in the Chief Executive Officer's review.

During the second half of 2016/17 the Group's banking facilities were approaching expiration, and during the normal course of business the Group embarked successfully on a replacement banking facility. I'm pleased to report that the refinance of these facilities was successfully concluded and the new facilities drawn down on 28th February 2017. Mike Coley in his Chief Financial Officer's review outlines in detail the facility construct. The refinance, combined with a significant improvement in the Group's cash and borrowings profile, puts the Group on a firm footing to move forward through 2017 and beyond.

On the 23rd June 2016 the UK electorate voted to leave the European Union in what is commonly referred to as Brexit. I referenced this in the July 2016 interim report and remind our shareholders that it is having a negative effect on our business for the foreseeable future. I can assure you that management and the Board are working tirelessly to ensure the adverse impacts of the vote, which is primarily linked to the continued and sustained weakening of Sterling versus the US Dollar compared to the rate prior to the vote, are mitigated as much as possible. The Chief Executives Officer's review references this subject in considerable detail. An unknown at the point of writing, however, is the extent to which UK consumers will react to widely expected price increases on the high street as retailers look to recover the effects of purchasing finished goods and materials from US Dollar denominated sources. We will better understand how that plays out during the first half of 2017.

Our share valuation and the subsequent share market, is conducted in accordance with the Articles of Association. Share valuations are prepared twice a year by an independent firm of chartered accountants. After each valuation there is a prescribed open share market to buy or sell shares among eligible shareholders; one in May/June and the other in October/November. Since the May/June 2006 share market, the Company has bought back shares five times. The most recent buy-back was in October/November 2015. At that time, the Articles stipulated that the Company was obligated to buy back shares up to 1% of the issued share capital. This left little discretion to the Board and resulted in a buy-back that would not have otherwise been made after the October/November 2015 share market.

In May 2016 the valuation per share was reduced to £8.25 for the May/June 2016 share market and 915,439 shares were offered for sale, including the entire holding of an institutional shareholder, with 266,507 shares purchased. Without the institutional shareholder the May/June 2016 share market would have been close to equilibrium between shares offered for sale and shares purchased. The Board chose not to authorize a buy-back for any part of the overhang of 649,382 shares which also exceeded the 1% limit of issued share capital.

In addition, on 30th June 2016, 93,260 shares were acquired by the C&J Clark Limited All Employee Share Incentive Plan. The Board places value on continuing this program for our employees. To this end the company continues to buy shares for the program. In May the shareholders approved an increase to the issued share capital by a maximum of 500,000 shares should the need arise to meet the needs of the Share Incentive Plan. The availability of shares during the share market satisfied the needs of the Share Incentive Plan and there was no need to increase the share capital.

In September 2016 shares were valued at £8.00 and in the October/November 2016 share market 699,745 shares were put up for sale while 114,646 shares were purchased. The large gap was a result of the same institutional shareholder putting all of its shares up for sale. Once again, without the institutional shareholder on the sell side in the October/November 2016 share market, there would have been close to equilibrium between shares offered for sale and shares purchased. The Board also chose not to authorise a buy-back to eliminate any part of the overhang.

Over the past three share markets, one large institutional shareholder has put up its entire shareholding for sale. The result of this is to distort the share market considerably. Without the large institutional shareholder tendering its shares, there would have been approximately as many buyers as sellers yielding a healthy equilibrium in the share market; as occurred between 2011 and 2014. The same institutional shareholder has informed the Company that it plans to put its entire share holding up for sale at each subsequent share market until it has sold all of its shares. Based on the number of buyers in the last two share markets compared to the number of shares held by the institutional shareholder, the remaining shareholders can expect a disequilibrium in the share market until the large institutional shareholder has successfully sold off its entire holding. At the current ratio of buyers to sellers in the last two share markets, a disequilibrium is likely to persist over at least the next five share markets.

In accordance with the Articles of Association the share price for the May/June 2017 share market will be set by the Company's independent valuer immediately before the AGM and announced to shareholders.

The Board of Directors has considered the financial position of the Company and the second interim dividend due for payment in April 2017 has been set at 14.0 pence per share. On a per share basis, together with the interim dividend of 7.0 pence, the combined annual dividend is 21.0 pence or a 35% reduction compared to the previous year. The dividend cover – calculated by dividing earnings per share (see page 102) of 41.5p by the annual dividend of 21.0 pence per share, was 2.0 times. As Mike Shearwood in his Chief Executive Officer's Review sets out, the outlook for 2017/18 remains challenging. Shareholders will understand the continuing economic uncertainty, the challenging retail trading environments in both the UK and the US, the problems in predicting the outcome of the Brexit negotiations and the continuing difficulties caused by a devalued Pound. Additionally, the Group has to operate within the constraints of banking covenants agreed as part of the re-financing. It is, in these circumstances, not unlikely that dividends may reduce going forwards into 2017/18. That having been said your Board understands the importance of a consistent and progressive dividend policy to shareholders but is also mindful that dividend cover needs to be maintained at a sustainable level if investment in the Group is to continue.

There have been four changes to the Board composition in the second half of 2016/17.

Mike Shearwood as Chief Executive Officer joined the Board on the 30th September 2016 as an Executive Director.

Hugh Clark has stepped down from his family nominated Non-Executive directorship in November 2016 following the completion of his fixed tenure. Hugh stepped down with my sincere thanks for his insight and counsel provided to the Board since May 2005 when he joined; and, to me personally since assuming my position of Non-Executive Chairman in December 2013. Hugh was also a valued member of the Governance Committee put in place by the Board in September 2015. He performed in the role with diligence and commitment.

Ben Lovell re-joined the Board in November 2016 having served previously between 1999 and 2005 as a family nominated Non-Executive director. Ben worked for Clarks in UK retail for 10 years before moving to the USA to manage inventory and customer services for Clarks of England. In 1988 he established his own eponymous shoe stores in the greater Philadelphia region and sold this business in 2016. He has been a member of the Family Shareholder Council since its inception in 1993, first as a Councillor and then as a Non-Executive Director on the Board.

Early in the new fiscal year, Wayne Kulkin, an Independent Non-Executive Director since May 2016, found that a new footwear venture of which he is both a principal investor and the operating head of the business, was consuming all of his time. Regretfully, he was unable to dedicate the time needed for the Independent Non-Executive Director role at Clarks and tendered his resignation from the Board in February 2017. The Board has launched a search to replace Wayne and we extend our thanks to him for the time that he spent as a valued colleague.

Nigel Hall serves as the Board's Senior Independent Director and his term on the Board will draw to a close at the 2017 Annual General Meeting (AGM). His service to the shareholders and to the Company at large have been greatly appreciated and valued over the 11 years he has been on our Board of Directors. Before serving as the Senior Independent Director, Nigel was the Chairman of the Audit Committee and among other Board responsibilities, provided perspective and expertise to the Board and to management. We offer Nigel our heartfelt thanks and sincere gratitude, particularly for his availability and added assistance he rendered to the Company and the Board as a member of the Governance Committee. A search is being conducted to fill the Board seat being vacated by Nigel and upon his departure from the Board, Stella David, an Independent Non-Executive Director since 2012 will assume the role of Senior Independent Director.

With the appointment of Ben Lovell in November and at the close of fiscal 2016, the Board was comprised of a Non-Executive Chairman, the Chief Executive Officer, a Senior Independent Director, four independent Non-Executive Directors, and two family appointed Non-Executive Directors. In 2017 the expectation is to appoint a Chief Financial Officer to the Board as well as to fill the two positions left open by Nigel Hall and Wayne Kulkin's departures.

This past year has been demanding for our dedicated and loyal employees after what was a challenging 2015/16. Many of our employees have worked tirelessly to help stabilise the business and put it on the right track for future growth. The shareholders should be aware that despite strong headwinds our employees have, once again, remained motivated and focused on the success of our business going forward. I would like to acknowledge their dedication and to thank each employee on behalf of the Board and all shareholders.

Your Board continues to govern the business in a balanced and firm way. The Chief Executive Officer has referenced in his review that 2017/18 will be another challenging year heightened by the effects of the referendum to exit the EU. The Group, however, remains profitable, cash generative and with the balance sheet in a considerably healthier position than it was twelve months ago. Together with a renewed global banking facility, the financial condition of our Company is in a much stronger position over a relatively short period of time. I am confident that the organisation under Mike Shearwood's leadership will rise to the challenges of the global marketplace, strengthen the foundation for our business in the upcoming year and secure solid, sustainable growth for our shareholders going forward.

Thomas J O'Neill
Chairman
23rd March 2017

CHIEF EXECUTIVE OFFICER'S REVIEW

I am pleased to report that the Group finished 2016/17 in a much stronger position than the previous year in many areas of our business. However the delivery of robust results in 2016/17 was a challenge, especially when faced with a significant overstock situation and an unprecedented outflow of cash during 2015/16. The disruption and subsequent devaluation of Sterling due to the Brexit result, combined with the U.S. election and a general slowing down of Chinese economic growth intensified the challenge. The Senior Leadership Team, supported by the Governance Committee and all our 13,828 employees have worked tirelessly to produce a very creditable performance.

Overview of Group performance

Trading conditions continued to be difficult throughout 2016/17 which impacted profitability; yet the Group has made very significant progress on driving improvements in cashflow and specifically on addressing the excess inventory position that was created in 2015/16.

The difficult trading conditions in the first half were clearly outlined in the interim report and the Group has continued to encounter similar dynamics through the Autumn/Winter season. The retail environment across many of our key markets remained very price sensitive, with consumer expectations across developed markets still being very discount driven.

The impact of Brexit on the UK economy, whilst creating much uncertainty around the future, did not noticeably translate into changes in key economic indicators or consumer behaviour during the second half of 2016/17. It was the significant weakening of Sterling since the referendum that has had an impact on firstly, the statutory retranslation of US Dollar denominated transactions and non-Sterling assets and liabilities held, and, secondly will have a profound effect on profitability during 2017/18 and beyond.

Across the Group we have made outstanding progress in clearing the excess inventory position that had been built up in the previous year. This was an 18 month programme. However, we have been able to clear the vast majority during 2016/17 including over 3 million units through our outlet stores and wholesale clearance channels throughout this year. We have also been better at liquidating end of season inventory through the trading seasons. Consequently, our inventory position going into 2017/18 is 3.6m pairs lower than our 2016/17 beginning position.

One of the key operational improvements delivered during the year has been to address the product delivery issues in our U.S. distribution centre in Hanover, Pennsylvania that had been a significant drag on our ability to provide products on time to our wholesale customers and our own retail stores through the second half of 2015/16. Service levels improved steadily through the first half of the year and having successfully delivered the Autumn/Winter season, service is now where we expect it to be, which contributed to a strong second half wholesale performance and provides the platform for future growth.

Group turnover increased by 7.9% to £1,654.7m with exchange rate adjustments having a significant impact, excluding these movements Group turnover was 0.5% lower than 2015/16. The high levels of excess inventory clearance were a factor in the pairage increase of 4.2% compared with 2015/16, whilst also having an impact on average selling prices which declined by 3.9%. The component parts of the Group showed mixed results. Net turnover (footwear and accessories sales including rebates and returns) in the Americas reversed recent trends and very encouragingly delivered a 3.2% improvement excluding the impact of foreign exchange. Asia Pacific growth has slowed as expected in line with the wider economic backdrop, but was also able to show a modest improvement of 1.8%. Excluding the impact of foreign currency turnover in Europe declined by 4.2% driven by the low economic growth in the region.

Underlying Group operating profit, which is an internal measure of our underlying business performance and excludes significant items regarded as one off or non-underlying in nature, was £63.7m, compared to £63.8m in the prior year. Net achieved margin was broadly flat year-on-year and operating cost reductions compared to 2015/16 delivered the profit increase.

Group operating profit of £39.1m which includes the dilutive effects of non-underlying items was a reduction of £6.7m when compared to the 2015/16 result of £45.8m.

Critically, the Group financial position has strengthened compared to the prior year and year end capital employed has fallen by close to 8.4%. This reflects management's focus on delivering cashflow improvements, and working capital is 21.9% lower than 2015/16 which includes a 6.3% reduction in the value of inventory. As noted elsewhere, significant progress has been made in reducing excess inventory and reducing future commitments. These reductions are despite a significant increase in the underlying value of the inventory due to the retranslation of inventory held outside of the UK at period end foreign exchange rates, which given the material weakening of sterling since the UK Referendum vote on 23rd June 2016 has had a significant negative impact. There is much more work to do, however the progress is encouraging and marks an important reversal in the Group working capital position after recent adverse trends.

Through choice, capital investment was contained to £41.8m which is notably below 2015/16 levels. We continue to invest in our digital capability and in delivering a globally consistent e-commerce platform to support our multi-channel proposition, with a successful go live in our European language owned e-commerce sites in October. We are continuing with our investment to prepare for the launch of the UK site in Spring 2017. We invested £6.5m in 2016/17 and will continue to invest during 2017/18. Capital expenditure associated with new stores and refits was £6.0m, at a lower level than the prior year. We are evaluating all elements of our global store network to ensure alignment with our strategic plan whilst at the same time starting to test new store formats. It has therefore been appropriate to scale back our store investment programme during this period.

Importantly, net cash flow was positive by £59.5m in the period compared to an outflow of £118.4m in 2015/16, whilst net borrowings ended the year at £133.7m, 27.1% lower than the prior year. Consequently, gearing has reduced to 21.4% (2015/16 - 29.1%).

The following paragraphs provide a brief commentary on key features of our regional performance during the first half.

Europe

The newly formed Europe region will allow Clarks to obtain greater efficiency and consistency of approach across our trading operations. The most significant event within the region was undoubtedly the result of the EU referendum; the resultant changes that this will bring will have a fundamental impact on the operations. In 2016/17 we have encountered minimal change in consumer behaviour, however, we anticipate this will change significantly during 2017/18. The following commentary reviews the performance of the UK & ROI and Mainland Europe separately.

UK & ROI

The economic backdrop has in fact been fairly consistent during the year. UK total retail sales for 2016/17 have showed fairly robust growth, however there does appear to be a marked trend away from footwear and apparel as this was one of the lowest performing sectors within overall retail.

Over recent years we have been heavily dependent in our UK & ROI retail business on discounting and markdown activity to drive volume and clear aged inventory. Much of this has been in response to the promotional environment in the marketplace, however our objective is to shift the balance away from excessive discounting over time as conditions allow. During 2016/17 we planned to reduce the number of weeks that we were on promotion compared to the prior period where we were heavily promotional both online and in store and had purchased less volume in order to support that trading stance. However, the reality was that without clear reasons to buy, such as weather or promotional activity, footfall was at exceptionally low levels throughout the year.

This drove the lower footwear sector sales seen across the industry with the BRC data showing total sales down by 4.1% with the women's category hit hardest. Clarks performance across the year was broadly in line with the BRC with our comparative store sales also 3.4% lower. We were able to deliver a reduction in time spent on promotion, however, the lower volume and the requirement to ultimately clear inventory with shorter, aggressive clearance activity resulted in reduced average price, turnover and gross margin compared to 2015/16.

In our retail stores there was a real focus on driving greater product availability, making changes to the visual instore environment and improving staff training to enhance customer experience and as a result consistent increases in conversion were seen throughout the year. The improvements in customer experience were recognised with Clarks winning both Drapers and Verdict awards for footwear retailer of the year.

An outstanding achievement of the year was the children's Back To School trading period which despite footfall being lower, delivered growth in volume, sales and margin and once again demonstrated our operational excellence across both central functions and store teams.

We have seen some major shifts in both online activity and in our proposition during the year. The key change has been seen across the industry which is the growth of mobile traffic. This has a relatively low conversion rate when compared to desktop which has traditionally driven higher conversion activity. We have also implemented changes to pay up front for collection from store and to introduce charges for the home delivery proposition. This has had a positive effect both on the numbers of people coming into store rather than requesting delivery, as well as on the in-store collection rate and therefore inventory levels in store. The net effect of this across the combined online home delivery and collect from store channels has been to reduce the level of orders but to improve realised volume by 9% and margin by 6%.

The UK outlet business has been very heavily focused on dealing with the excess inventory that was identified at the year-end. Excellent progress was made in clearing excess inventory from our UK retail stores and distribution centres which resulted in significantly higher volumes than last year. That came at the expense of average selling price and resulted in margin rate erosion in the channel.

Mainland Europe

The trading environment in mainland Europe has been influenced by continuing low economic growth across key economies and as a result key wholesale customers remain cautious around their inventory buying approach. In line with our normal currency hedging approach policy we had cover in place against our Euro sales receipts but the weaker Euro had an adverse impact in turnover and profitability in our reported results for the Europe business compared to last year.

The wholesale channel volumes across both Spring/Summer and Autumn/Winter have been flat in volume terms which has translated into lower turnover as a result of the adverse currency movements.

Our new global e-commerce platform went live in our mainland Europe websites in October 2016. This will deliver a significantly improved look and feel to the site and much improved functionality for our customers. The technology enables a much easier and more cost effective way to create and deploy further developments of our e-commerce sites. It is already making a real difference to our business with conversion rates showing a significant rise post implementation. The build of the European sites on the global e-commerce platform provides a cost-effective blueprint for more rapid site migrations onto the platform.

Americas

It is extremely pleasing to report that the Americas region has delivered growth in regional profitability in 2016/17 after a recent trend of profit declines. We have seen consistent and sustainable improvements in the major distribution and planning areas with the issues we saw last year behind us. We have now developed stable and strong leadership for the business. There has been real progress on clearing the excess inventory and on developing our capability in inventory planning to ensure much greater alignment with sales plans. These changes have now translated into profit improvements and a significant reduction in inventory levels, which create a solid base for future growth in the region.

Wholesale volume was 9.9% higher, due partly to the level of inventory clearance activity which was delivered largely through specific wholesale clearance channels. Customers reacted well to new season product launches at key trade shows and the ongoing success of the Cloudsteppers range in particular continues to demonstrate the power of hitting a sweet spot of consumer need. The region has seen strong growth in wholesale key accounts and identified clear opportunities to drive recovery in independent accounts given the great customer sentiment.

Retail performance in the year has been below expectations in what remains a difficult market environment. After a tough first half, which was impacted by some legacy product availability issues, the Autumn/Winter season started very well but was ultimately impacted by lower footfall and a heavily promotional environment. Comparative sales performance in total retail stores declined by 3.8% compared with the FDRA footwear index of +1.3%, and the lower sales drove a decline in channel profitability. Outlet stores traded with higher volumes and drove clearance activity harder but the sales mix resulted in lower margin and a comparative sales reduction of -1.8% and a decline in profit of 13.4%. Sales in MCR (multi-channel retail) however grew strongly, posting a 17.3% uplift on last year as the online platform continued to be optimised. Online sales promotions were more targeted during the year which allowed the business to maintain net margin rates and left channel profits 23.9% ahead of last year.

Asia Pacific

As was noted in the interim report, the Asia Pacific region has experienced a significant slowdown in growth rates compared to recent years as trading conditions have tightened considerably. We see this directly in the performance of our own retail business, and with our wholesale customers these lower retail sales have translated into higher inventory levels as they struggle with adjusting markdown strategies and margin expectations. As a consequence, we have seen lower wholesale orders in Spring/Summer and Autumn/Winter.

We have continued to expand our distribution footprint with partner owned franchise stores in key locations although we have been more selective about which to pursue given the trading environment for ourselves and our partners. We have also been investing in building our owned outlet capacity to ensure that we have sufficient scale to deal with the surplus inventory for the region without damaging full price sales.

China has remained the main growth engine for the region despite some signs that retail sales have slowed down as a result of the economic slowdown, increasing profits by 11.1% in the period. Japan also saw strong profit growth in the year although this was largely due to the weakening of the Yen rather than trading, as volumes were in line with the prior year. Conditions in other markets which started to become more difficult in the early part of 2014 have remained challenging. In the Middle East, visitor numbers remain low, the retail market difficult and credit conditions tight and although wholesale shipments into distributor markets were broadly in line with 2015/16, that has required increased customer support at the expense of margins and lower profitability. In South East Asia, footfall remains subdued in Singapore and Malaysia, and profit is lower by 6%. India continues to be challenging and we continue to face issues on product appropriateness for the market, pricing strategy and low retail sell-through.

The long term growth potential of the Asia Pacific region remains positive and we are committed to driving the business forward, but there is no doubt that in the short term, growth has slowed and that key distribution partners are encountering a more challenging retail environment and have seen inventory levels increase. There has been significant work in the region to deal with the excess inventory from prior years as well as ensuring we have more robust processes in place to plan inventory commitments for future seasons. The business will need to ensure that we drive underlying like-for-like sales, drive new business development opportunities, are very selective about future distribution investments and carefully continue building infrastructure and capability to ensure that future growth is managed in a sustainable manner.

Outlook for 2017/18

As we enter 2017/18 we are facing a number of major headwinds that have influenced our planning, the result being that we are cautious about the prospects for the Group over this financial year.

Brexit will have a profound impact on our profitability and cashflow over the foreseeable future and brings risk and uncertainty in a number of areas. Firstly, and most obviously, the continued weakness of Sterling means that our net currency position negatively impacts profitability in the UK and also our cashflow in terms of inventory purchases. We have cover in place for Autumn/Winter 17 and Spring/Summer 18 so the currency transaction impact in 2017/18 is largely known and we have planned for the adverse impact on margin rates and cashflow. The greater uncertainty in 2017/18 for Clarks from Brexit is the impact on the UK economy and specifically how consumers react to the forecast expectations of lower economic growth and wage increases, and higher inflation.

We believe that the retail trading environment in the UK and ROI will be more difficult than we have seen in recent periods. In addition, there will be significant cost pressure as a result of not only a significantly weakened Sterling but also the effect of National Living Wage and business rate increases. We have put in place measures including selective price increases to offset some of this cost pressure but there is no doubt profitability will be impacted. The launch of our new e-commerce platform in Spring 2017 will allow us to continue developing our digital capability and channel connectivity.

As we improve our I.T. and technical capability in our merchandising function we will increase our sophistication levels around inventory, planning and distribution, which will then enable us to leverage our superior store presence in the UK market to deliver a market leading omni-channel customer experience. This will improve inventory efficiency enormously and deliver further enhanced margins.

Across Europe and in Asia Pacific the wholesale order book position for the Autumn/Winter season is mixed with some markets reflecting positive growth and some customer caution regarding inventory commitments.

It is in the Americas that the main opportunities should materialise. Despite a challenging retail environment, we are confident that the operational improvements and the platform for growth that has been built, will allow us to develop the business strongly through winning back market share and improving our margin rates. Customer reaction to the Autumn/Winter product range has been very positive and we continue to build on the strong relationships we have in place.

We believe we can build on the strong improvement in working capital management and cashflow generation that we have delivered in 2016/17 and will continue to drive inventory levels downwards as we optimise our seasonal purchasing.

The global political, economic and retail environment continues to change at an unprecedented pace, and the one thing we can be sure of is that the pace of change will only accelerate.

We trade in a disruptive market in a disruptive world; what is right for today may no longer be right for tomorrow.

We are a global brand of significant scale with an unrivalled heritage, and we need to leverage everything we have learned over our near 200 years of innovation and apply that to facing into the future with a renewed energy, focus and vigour.

2017/18 will be the start of a new chapter for Clarks where we will look to start changing our operating paradigm to unlock a level of agility from within our brand that will enable us to constantly adapt and benefit from any external market challenges.

To achieve this, we will need to invest sensibly and appropriately in systems and people. In system technology that will provide us with rapid, accurate, insightful information and in our people to ensure that culturally they are able to embrace change in a positive way.

Finally, I would like to sincerely thank the Governance Committee who led the business throughout most of 2016 in what was a very challenging year, the Senior Leadership Team, who have worked tirelessly to stabilise the brand and all our teams around the world who face challenging, demanding customers and service providers every day.

Mike Shearwood
Chief Executive Officer
23rd March 2017

CHIEF FINANCIAL OFFICER'S REVIEW

Overview
A comprehensive review of the year is outlined in the Chairman's Statement on pages 20 to 23 and the Chief Executive Officer's review on pages 24 to 28.

During the year we concentrated on strengthening the financial fundamentals of our business. Significant progress has been made that has resulted in a stronger financial position for the Group than when we started the year. This has been achieved as a direct result of focus on supplier payment terms, overhead and expense management, targeted capital expenditure; and, most notably, the clearance of excess inventory and a sustainable reduction in overall inventory levels.

There is still much to do, but we have made excellent progress in firstly stabilising and then improving the cash generative nature of our business following a considerable net outflow of cash from the Group in 2015/16 into early 2016. A meaningful reduction in the Group's year end borrowings position is reported, whilst delivering underlying Group operating profit in line with the prior year. Statutory Group operating profits and profit before interest and taxation were ahead of our internally set targets for the year although below last year's levels as outlined in the Chief Executive Officer's review.

An important development in the year and in the normal course of business was that the Group completed refinancing of its borrowing facilities on the 28th February 2017. The new facilities comprise a term loan and a revolving credit facility (RCF). The RCF expires in 2020, as does part of the term loan. The remaining term loan expires in 2022. A more detailed update is provided later in my report.

Income Statement
Group turnover of £1,654.7m in the year was 7.9% above last year's comparative of £1,533.6m, much of the increase coming from foreign currency where the weakness of Sterling was favourable when translating the results of our overseas operations back into Sterling.

Underlying Group operating profit, which is an internal measure of our underlying business performance and excludes volatile currency translations and significant items regarded as non-underlying, on the basis that including them in underlying operating profits would impact the year on year comparability of the Group performance, was £63.7m, compared to £63.8m in the prior year.

Included below underlying Group operating profit are non-underlying items which comprise an elimination for Joint Venture accounting purposes to reflect the results of the Joint Venture correctly on the face of the income statement. Realised and unrealised foreign currency translation gains from hedge friendly transactions and the restatement of currency denominated assets and liabilities resulted in a gain to the income statement of £9.6m, versus a gain in the prior year of £0.2m. We have also recognised three specific items regarded as non-underlying in the year. Firstly, the costs associated with the reorganisation enacted early in 2016 of £16.7m with no comparative. Secondly, an asset write down mainly relating to a previously paused global product development system which is now deemed to have a significantly reduced value in use for which there is no comparative in the prior year. Thirdly, margin erosion costs associated with the significant inventory clearance activity through the year were £11.7m with no comparative number. In the previous financial year, a below cost provision of £18.7m was recognised as a non-underlying item.

Group operating profit for the year of £39.1m was £6.7m below last year's level of £45.8m.

A reconciliation of underlying Group operating profit to statutory Group operating profit is as follows:

	2017 £m	2016 £m
Underlying Group operating profit	**63.7**	63.8
Statutory exchange adjustments	9.6	0.2
Excess inventory - below cost provision	–	(18.7)
Excess inventory - clearance margin erosion	(11.7)	–
Re-organisation costs	(16.7)	–
Asset impairments	(7.2)	–
Joint venture trading elimination	1.4	0.5
Statutory Group operating profit	**39.1**	45.8

Our share in the losses of our Joint Venture in India in the year was £1.4m compared to a share of £0.5m in the prior year.

Net financing costs of £17.8m was £7.6m higher than the comparative year and comprise bank interest charges, pension financing costs, onerous lease discounting charges and fair value movements on non-hedge accounted financial instruments.

The costs of financing our external borrowings increased this year to £7.1m from £4.3m in the prior year, as a direct consequence of our increased average borrowings and margin throughout the year. The imputed financing gain associated with our pension surplus in the year of £1.7m was favourable against a charge of £1.3m in the prior year driven by the Group's FRS102 net pension surplus position. Charges related to the unwinding of discount charges of onerous lease provisions were £1.7m compared to a charge in the prior year of £1.3m.

Included in net financing costs are the fair value adjustments of non-hedge friendly accounted derivatives. During the period fair value adjustments recognised resulted in a loss of £10.0m compared to a loss at the previous year-end date of £3.1m. Profit before taxation of £19.9m was 43.1% below the £35.0m reported in the prior year. The overall Group effective rate of tax, including prior year items is a negative 23.1% (2015/16 - negative 2.9%) resulting in a tax credit of £4.6m to the income statement. The negative tax rate reflects primarily the US performance, which give rise to tax credits being recognised at the US effective tax rate of 38.3%, these more than offset the tax charge at lower tax rates on other earnings. In addition two factors also have a significant impact to the overall tax rate: unrealised and non-taxable FX gains of £10.5m have increased the profit before taxation and contributed a negative 10.0% points to the tax rate; and prior year tax adjustments a further negative 12.7% points. The impact of these factors above on the tax rate is greater than in previous years due to the low level of statutory profit.

The current year tax rate is a negative 10.4% (2015/16 - positive 2.1%) excluding prior year items reflecting the decrease of the UK deferred tax rate for balances that will not reverse in the short term by 1% to 17% following enactment of a further reduction in the future UK corporation tax rate, and 'trueing up' the prior year tax charge for submitted 2015 tax returns.

Profit after taxation of £24.5m is £11.5m below the prior year comparative of £36.0m.

Adjusted profit after taxation is a non-GAAP measure used by many businesses which eliminates the volatile elements of FRS 102 financial instrument fair value adjustments where hedge accounting cannot be applied. Adjusted profit after tax excludes the fair value adjustments accounted for in finance costs providing a comparable result from year to year. This measure is included by means of memorandum on the face of the Income Statement. The Group's adjusted profit after taxation of £32.5m is £6.1m lower than the £38.6m reported last year.

Earnings per share have reduced to 41.5 pence per share from 60.7 pence per share last year.

Statement of Financial Position

The Group statement of financial position remains strong with key metrics strengthening during 2016/17. Net assets before pensions reduced slightly to £596.1m from £601.1m in the prior year with net borrowings reducing to £133.7m, a reduction of £49.6m over the prior year position of £183.3m. Gearing has reduced to 21.4% compared to 28.2% last year. On a constant exchange basis the reduction in borrowings is even more marked at £77.8m. These numbers clearly demonstrate the importance placed by the Senior Leadership Team on actively managing the Group's working capital position including the liquidation during the year of the considerable over-stocked position. A targeted and robust approach to reducing capital expenditure during the year has contributed to the improved cash position of the Group. Capital expenditure totalled £41.8m against comparative spend of £54.6m. The pre-requisite for capital spend this year was that it should 'pay back' in the year. There were two key infrastructure related exceptions to this; firstly, the relocation of our Americas head office to a new office in Waltham, Massachusetts as a result of the lease expiring on our previous facility in Newton, Massachusetts and secondly, the continued and critical investment in our digital capabilities through Project Pangaea.

Project Pangaea will strengthen our global e-commerce and multi-channel propositions and allow us to rapidly deploy sites in new markets and channels on a consistent platform providing a key part of the foundations required for seamless omni-channel retailing of the future. Our continental Europe sites went live on this platform during October 2016 and our core UK online business is on schedule to transition to the new platform in Spring 2017.

The Group invested £2.5m in its owned store portfolio globally in 2016/17, opening 2 new stores across the UK & ROI, 6 new stores in the Americas and 8 new stores in Asia Pacific. In addition, 24 stores globally were refitted at a cost of £3.5m and we also continued to invest in our International Franchise Store programme opening and refitting 94 stores across continental Europe and Asia.

In accordance with Accounting Standards the Group is required to conduct an impairment review of fixed assets. In total an additional 48 retail stores were identified as being impaired during the year and an impairment provision of £5.0m was made. In addition, an impairment review was carried out on a Global Planning Solution (GPS) asset as there were indicators of impairment. As a result of this review, a permanent partial write-down of the asset was made totalling £6.7m. A permanent write down was taken in favour of an impairment as in our opinion the loss of the assets value would not be expected to recover or reverse. A further £0.5m of assets were written off in the year, mainly relating to the Ryder 2 warehouse in the US.

Provisions for liabilities and charges (excluding deferred tax) of £37.9m have reduced by £4.3m from £42.2m in the prior year. The main movements in provisions relate to the utilisation of previously recognised onerous lease provision as rental payments are made and in addition further onerous leases booked for 18 additional stores during the year.

The deferred tax asset in respect of overseas trading losses of £59.1m (2015/16 - £31.5m) relates largely to the US business. These losses are recognised in full as they are expected to be utilised against future taxable profits in the foreseeable future arising from reversal of deferred tax liability positions and improved trading.

Statement of Cash Flow
Cash inflows from operating activities of £117.1m compare to cash outflows in the comparative year of £24.1m. In addition to funding the ongoing operational requirements of the Group we continue to provide pension deficit funding during the year to the UK defined benefit pension scheme, with the aim of continuing to mitigate the Group's long term pension risks.

Treasury Operations
The Group's funding, liquidity, currency and interest rate risks are managed by a Treasury Committee working within a framework of policies authorised by the Board. The policies are reviewed and updated annually where necessary.

Funding and Liquidity
At the balance sheet date the Group's borrowing facilities comprise a Revolving Credit Facility (RCF) with a syndicate of five major banks with a total facility amount of £223.6m. In addition, the Group has access to short term facilities amounting to £103.0m (2015/16 – £97.7m).

On 28th February 2017, the Group completed a refinancing of its borrowing facilities, drawing down on new facilities and repaying all amounts owing on the above facilities in place at the year-end date.

The new facilities comprise a $75.0m private placement with Prudential Insurance Company of America maturing in April 2022 as part of $225.0m of term loans. The remaining $150.0m of term loans and $155.0m of funding under a RCF are with a syndicate of five major banks maturing in April 2020; being Lloyds Bank, Royal Bank of Scotland, Bank of America NA, HSBC Bank and Barclays Bank. In addition to the above facilities, the Group had access to short term facilities amounting to £68.3m at year end, reducing to £29.3m after the refinancing.

Interest Rate Risk
The Group is exposed to interest rate risk principally in relation to borrowings and deposits denominated in Sterling, US Dollar and the Euro. The Group's practice is to use derivative contracts where appropriate to maintain a mix of fixed and floating rate borrowings to manage this risk.

The interest rate on the $75.0m private placement as part of the Group's refinancing arrangements is fixed for 5 years to 29th April 2022.

Currency Risk
The Treasury function manages currency exposure on cash flows relating to the Group's trading operations by entering into forward dated foreign currency contracts and structured instruments maturing at key points throughout each season based on detailed forecasts of future transaction flows.

The main currencies in order of transactional value are US Dollar, Euro, Chinese Yuan and Japanese Yen. The US Dollar is used by all regions as the primary currency for sourcing footwear from the Far East. Contracts are placed through competitive tendering with relationship banks. Income and expenditure flows in the same currency are offset as far as possible through natural hedging, and the Group hedges the net exposure.

At the year-end date, the Group's estimated currency exposure for the following financial year is substantially covered in line with policy. The total value of fixed dated sale and purchase currency contracts at the year-end date was £730.9m (2015/16 – £850.7m).

Pensions

The accounting approach to valuing pension assets and liabilities for disclosure in this Report and Financial Statements are largely prescribed (under accounting standard FRS 102). The key aim of this standard is to enable readers to better compare different companies' Financial Positions. However, this method takes no account of a number of very important issues which inform our funding and investment policy, including the relative size of the pension fund and the Group, the maturity of the pension fund, the strength of the business and crucially the shareholders' attitude to risk and the desire to avoid unexpected cash calls on the Group.

In 2010 the Group chose to adopt a plan to take affordable opportunities to reduce the Group's exposure to risks relating to the C & J Clark Pension Fund, with a long term objective to immunise the Group against these risks. This means that, although no decision has been made to transfer the liabilities to an insurance company in the future, we believe it is prudent to gradually move towards a position where this option is available to us. The major risks relate to unpredictable inflation, interest rates, investment returns and increases in life expectancy.

Achieving this objective relies on our continued commitment to make further planned contributions; without these contributions, we would need to continue to run the pension fund on indefinitely, with the current level of risk. So whilst we continue to report a surplus in line with FRS 102, we are persuaded that the pension fund should not be operated in line with its assumptions given:

- this is unlikely to consistently comply with the statutory funding regulations which require trustees to adopt prudent assumptions in assessing the financial strength of the Fund and agreeing a Statutory Recovery Plan every three years
- adopting a funding and investment strategy consistent with the FRS 102 reporting standard would make our objective unachievable.

The cost of all Group pension schemes is shown in Note 16 to the financial statements and reflects the demographic assumptions and the in-depth review of the pension liabilities used in the latest formal actuarial valuation of the UK fund carried out as at 5th April 2014.

Actuarial gains and losses are shown in the Other Comprehensive Income Statement on page 72.

During the financial year cash contributions into the main UK fund by way of deficit funding amounted to £6.4m (2015/16 – £16.4m).

Mike Coley
Interim Chief Financial Officer
23rd March 2017

The Strategic report, as set out on pages 20 to 33 has been approved by the Board.

On Order of the Board,

Mike Shearwood
Chief Executive Officer
23rd March 2017

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CORPORATE GOVERNANCE

The Company is privately owned and not formally subject to the requirements of the UK Corporate Governance Code (the "Code") published by the Financial Reporting Council. It is, however, committed to maintaining a high standard of corporate governance that reflects the principles of best practice that are set out in the Code, but adapted to the internal governance framework under which it operates as a privately owned business.

The Company continued to assess its approach to corporate governance throughout the year under review and has met the Code's principles where they are thought to be in the commercial interests of both the Company and its shareholders. Further information on the Company's work in this area is set out below.

Board of Directors

At 31st January 2017, the Board consisted of a Non-Executive Chairman, an Executive Director, five independent Non-Executive Directors, one of whom is the Senior Independent Director, and two Non-Executive Directors who are representatives of the Family Shareholder Council. The Non-Executive Chairman is responsible for leading the Board, and ensuring its effectiveness on all aspects of its role. During the year, Mike Shearwood was appointed as Chief Executive Officer and took his place on the Board as an Executive Director, thereby ensuring a division of responsibilities at the head of the Company between the running of the Board and the executive responsibility for the running of the Company's business.

The primary role of the Senior Independent Director continues to be a sounding board to the Chairman and to act as an intermediary to the other Directors when necessary.

The Code (as it applies to FTSE 350 companies) stipulates that at least half the Board, excluding the Chairman, should be comprised of Non-Executive Directors who are determined by the Board to be independent. The Code defines this to mean those Directors who are independent in character and judgement. Factors that may influence the determination of independence include holding a significant shareholding or having served on the Board for more than nine years. In the case of the Group as at 31st January 2017 there were eight Non-Executive Directors five who remain independent as defined by the Code. The Board considers that it is in the interests of the shareholders as a whole that there are two representatives nominated by the Family Shareholder Council who shall be appointed to the Board to serve as Non-Executive Directors.

The Board has taken steps during 2016/17 to increase independent representation amongst its membership. An additional Independent Non-Executive Director, Wayne Kulkin, was appointed to the Board. Regrettably, due to other commitments, Wayne Kulkin subsequently tendered his resignation, effective as at 10th February 2017. Ben Lovell, a family nominated director, was appointed to replace Hugh Clark as a Non Executive Director. Consistent with best practice, Ben Lovell will be proposed for re-election to the Board by shareholder resolution at the forthcoming

2017 AGM. His full biography is set out on page 61.
In accordance with the Company's Articles, Non-Executive Directors are appointed for no more than three years, one third of their number being requested to retire from office by rotation each year at the Company's AGM. Any director so retiring is eligible for re-election subject to shareholder approval.

Thomas J O'Neill and Nigel Hall were each re-elected by Special Resolutions at the 2016 AGM for a term of one year, expiring at the end of 2017's AGM. Nigel Hall, who has served 11 years as a director of the Company, will not offer himself for re-election at the 2017 AGM. The Board, having considered Thomas J O'Neill's performance over his tenure, and throughout 2016/17 in particular, has concluded he continues to contribute effectively to the Board and proposes that he be re-elected by Special Resolution at the 2017 AGM for a further term of one year.

As reported last year, due to the unique circumstances facing the Board during 2015/16, a further sub-committee of the Board was established to ensure appropriate governance of the Company through its period of executive management succession. This Governance Committee was established by the Board in September 2015, and its membership consisted of the Executive Chairman (Thomas J O'Neill), the Senior Independent Director (Nigel Hall) and a Director representing the Family Shareholder Council (Hugh Clark). The role of the Governance Committee was to support and advise the Executive Chairman whilst he remained responsible for the day-to-day management of the Group. This Committee ceased to operate in November 2016 as a consequence of the appointment of a new Chief Executive Officer.

Board member biographies are set out on pages 60 to 61.

The Board has a schedule of meetings throughout the year which is set in advance, as well as strategy sessions and Committee meetings. The Board provides oversight of the Company through a formal agenda of matters reserved for its decision, and delegates specific responsibilities to the Board Committees. Attendance at meetings of the main Board of Directors shows each Director's attendance at the six scheduled meetings across the financial year. Additionally infrequent meetings are convened from time to time to deal with particular items of business. Attendance at such ad-hoc meetings is by agreement as between the Directors and subject to their respective availability. Such meetings are exceptional and in addition to the contractual responsibilities of the Directors (which is six regular meetings of the Board and attendances of AGM).

The Board continues to receive appropriate and timely information prior to each meeting with a formal agenda, and with Board and Committee papers being distributed ahead of any meeting taking place. A Board portal system enables all Board members to receive, read and review Board papers via an online and secure portal.

To ensure appropriate succession during a period in which a successor to the former Company Secretary, Debbie Wakeford, is sought, the Board has procured the services of Paul Wakefield as acting Company Secretary. He is available to support all Directors in the performance of their duties as Directors of the Company and there is an agreed procedure to enable individual Directors to take independent legal and financial advice at the Company's expense when needed.

Board members are encouraged to challenge Company proposals and to bring independent judgement to bear on all matters. The actions and decisions of all the Non-Executive Directors who served during the year and up until the date of this report were considered to be independent.

Decisions of the Board are taken democratically after discussion. Any Director that feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting. Any specific actions arising from such meetings are agreed by the Board and followed up by the relevant parties.

The Company Secretary has responsibility for ensuring that all Board procedures have been complied with.

Board Committees
The Board delegates some of its responsibilities to its Committees that comprise Audit, Remuneration, Share Valuation, Pensions and Nomination. The terms of reference for each of these Committees are kept under regular review, taking into account best practice standards and what is appropriate for the business, as a private company.

Each Committee has access to such information and advice as it deems necessary, at the cost of the Company, which also provides internal resources to enable each to undertake its duties. The Company Secretary acts as secretary to all the Committees with the exception of the Board Pensions Committee which is supported by the Pensions Manager.

Audit Committee
The Audit Committee is chaired by Walker Boyd, and the Board is satisfied he has recent and relevant experience that enables him to hold this position. The Audit Committee met four times during the year. All members of the committee are expected to attend all of the meetings and attendance at these meetings by the committee members is shown on page 41. The Group Director of Risk Management and Internal Audit, the external Auditors together with the Chief

Financial Officer, Company Secretary and other persons may also attend the meetings by invitation.

Its duties and responsibilities, as set out in its terms of reference include:
- Monitoring and reviewing the integrity of the annual and interim financial statements of the Company, and reporting to the Board on significant financial reporting issues and judgements, having regard to matters communicated to it by the external auditor
- Reviewing the policies and processes for identifying and assessing the Company's internal and financial controls and risk management systems
- Reviewing the Company's policies and processes on whistleblowing, fraud and compliance
- Making recommendations to the Board in relation to the appointment, reappointment and removal of the Company's external auditor, including approval of their remuneration
- Review and approve the policy on the use of the external auditor for non-audit services.

The meetings during the year focused on;
- Reviewing the 2016/17 interim results and 2015/16 Annual Report and Financial Statements. The 2016/17 Annual Report and Financial Statements will be reviewed in the financial year beginning February 2017. As part of the review the Committee received reports from management on the key accounting judgement elements, together with the Audit Highlights Report from KPMG
- Monitoring the Company's risk management framework and internal controls (for which the Board has overall responsibility)
- Given the tenure of the existing external auditor, KPMG, the Committee conducted an audit tender process during 2016/17. The Audit Committee recommended the appointment of Ernst & Young as replacement auditors to KPMG. The Company will be asked to confirm their appointment by Ordinary Resolution at the 2017 AGM.
- Reviewing the Risk and Internal Audit functions and approving the appointment of a Group Director of Risk Management and Internal Audit
- The external audit plan, together with the independence and objectivity of the external auditors
- Non-audit services provided by the external auditor
- Reports on activities by the Risk and Internal Audit function, including papers dealing with health and safety and vendor working conditions
- Reviewing the Company's tax, treasury and whistle blower policies, together with a review of the Company's compliance framework
- Reviewing the Company's risk register.

Remuneration Committee
The Remuneration Committee meets at least three times a year and its responsibilities include the approval of the total remuneration and other benefits of the Senior Leadership Team. The Committee also receives reports on, and reviews the terms and conditions of, senior management's remuneration, and approves both short term and longer term incentive plans/targets offered in the business. External advisers are appointed to assist the Committee as it deems appropriate. This Committee is chaired by Lucien Alziari.

Share Valuation Committee
This Committee meets twice a year with representatives of those advisers responsible for valuing the Company's shares, together with others deemed necessary to review general trading conditions and provide the necessary information to enable a valuation of the Company's shares. This Committee is chaired by Walker Boyd.

Board Pensions Committee
This Committee reviews and scrutinises all proposals for changes to the Company's employee pension schemes. All significant changes are then recommended to the Board for approval. This Committee is chaired by Thomas J O'Neill.

Nominations Committee
This Committee was constituted as a permanent sub-committee of the Board during 2015/16. It is responsible for Board succession, planning and composition. The Committee meets at least once a year, with more frequent meetings convened as, and when, specific Board search activity requires, external advisers are used by the Committee as appropriate.

The Committee is typically chaired by the Chairman of the Company unless the business under consideration is the recruitment of a new Company Chairman.

In such circumstances, the Committee is typically chaired by Senior Independent Director, Nigel Hall. Upon the expiration of Nigel's appointment to the Board at the 2017 AGM the committee will be chaired by Stella David. Whilst the Chairman was, during 2016/17, acting in an Executive capacity, and the Senior Independent Director was serving on the Governance Committee, the Nominations Committee was chaired pro tem by independent non-executive Director, Stella David for the recruitment of the Chief Executive Officer. This appointment enabled the Board to ensure appropriately independent governance in the selection of the new Chief Executive Officer.

Family Shareholders' Council
Family shareholders holding the majority of the ordinary shares of the Company have formed a Council to aid

communication between shareholders and the Board. For a summarised breakdown of the share register please refer to page 64. The Council may nominate two persons for appointment as Non-Executive Directors of the Board. Currently, these positions are held by Ben Lovell and Timothy Campbell.

Senior Leadership Team

The Senior Leadership Team is the senior decision-making, executive committee. It is responsible for reviewing overall financial performance, strategy, plans and budgets as approved by the Board. It also oversees daily trading, key risks, management development and corporate responsibility.

The Senior Leadership Team consists of the key senior managers in the business and is chaired by the new Chief Executive Officer. It currently comprises:

- Mike Shearwood – Chief Executive Officer
- Mike Coley – Interim Chief Financial Officer
- Steve Finlan – Chief Commercial Officer
- Jason Beckley – Chief Brand Officer
- Belinda Deery – Chief People Officer
- Antony Perillo – Group Director of Sourcing and Development
- Gary Champion – President Americas region.

The Team reports to the Board through the Chief Executive Officer on issues, progress and recommendations for change which come out of the team's activities. A search is underway for a permanent Chief Financial Officer who, upon appointment, will become part of the Senior Leadership Team and an executive director of the Board.

Shareholder Relations

The Group recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood. The annual and interim report and accounts are available to all shareholders and the Board encourages all shareholders to elect to receive those reports via a secure online portal.

All shareholders have the opportunity to ask questions of the Board at the Company's AGM, which all Directors attend. At the meeting, the Non-Executive Chairman will give a statement on the Group's performance during the financial year. The Chairman will advise shareholders on proxy voting levels and the Company encourages all shareholders to attend and participate in the AGM.

Audit and Internal Control

The Board, through the Audit Committee (as stated earlier), is responsible for determining the nature and extent of significant risks it is willing to take in pursuit of the Group's strategic objectives. It monitors the system of internal controls maintained by the Group and also has responsibility for carrying out a review of the status of those internal controls on an annual basis and reporting that it has done so. This system provides reasonable, but not absolute, assurance against material loss and includes the safeguarding of assets, the maintenance of proper accounting records, appropriate legislation and mitigation of business risks. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

Risks are associated with a variety of internal or external events including controls breakdowns, regulatory requirements and natural catastrophe. Each region and operating unit is responsible for establishing and operating the required detailed control procedures to manage these risks.

A Group Risk Management Policy has been adopted by the Group. The risk management framework, which is embedded into overall management processes in the business aims to ensure that:

- Key risks are identified and described
- Mitigating controls are in place that adequately address the risk(s), and
- The controls in place work as described, and are tested to demonstrate their effectiveness.

Whilst the Board has ultimate responsibility for effective risk management and an appropriate system of controls, all managers are responsible for the identification and evaluation of key risks applicable to their area of the business.

Attendance at Board/Committee meetings

The table overleaf reports the attendance record of individual directors at Board meetings and Committees of which they are members.

Membership of Board and Sub Committees Year during year ending 31st January 2017

	Main board		Audit committee		Remuneration committee		Share Valuation committee		Nomination committee		Governance committee (F)		Board Pensions committee	
Number of Meetings	6		4		6		2		3		8		2	
	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance
Executive Directors														
Mike Shearwood (H)	yes	2	–	–	–	–	–	–	–	2	–	–	–	–
Non-Executive Directors														
Thomas J O'Neill	Chair	6	–	–	–	–	–	–	Chair	3	Chair	8	Chair	2
Hugh Clark (B), (D), (E), (G)	yes	5	–	–	Chair (3)	4	yes	1	–	–	yes	8	–	–
Nigel Hall (A) (I)	yes	6	Chair (1)	4	yes	4	Chair (1)	1	yes	1	yes	8	yes	2
Stella David (L)	yes	6	yes	2	yes	6	yes	2	yes	3	no	–	–	–
Timothy Campbell (D) (M)	yes	6	yes	3	yes	1	yes	1	yes	1	no	–	yes	2
Walker Boyd (C)	yes	6	Chair (3)	4	–	–	Chair (1)	1	–	–	no	–	–	–
Lucien Alziari (J)	yes	6	–	–	Chair (3)	6	yes	1	yes	3	no	–	–	–
Wayne Kulkin (K)	yes	5	yes	2	yes	2	–	–	–	–	no	–	–	–
Ben Lovell (D) (N)	yes	2	yes	1	–	–	yes	0	yes	2	no	–	–	–

(A) Senior Independent Non-Executive Director
(B) Resigned from the Share Valuation, Governance and Remuneration Committees June 2016
(C) Appointed as Chair of Audit Committee July 2016
(D) Representatives of the Family Shareholder Council
(E) Resigned as Representative of the Family Shareholder Council November 2016
(F) Disbanded upon appointment of CEO
(G) Resigned from the Board November 2016
(H) Joined September 2016
(I) Resigned as Chairman of Share Valuation Committee and Audit Committee June 2016
(J) Appointed as Chair of Remuneration Committee June 2016
(K) Resigned from the Board February 2017
(L) Resigned from the Audit Committee June 2016
(M) Resigned from the Audit Committee November 2016
(N) Joined November 2016

Note: The number of meetings of the main Board stated above refers to the number of scheduled and full meetings of the Board during the financial year. Additional to these have been a number of ad-hoc meetings of the Board convened to deal with particular issues from time to time arising, all of which are supported by the Non-Executive Directors and represent contributions above those contractually required of them. Further additional support through supporting executive and non-executive recruitment efforts should be acknowledged and recognised.

CORPORATE RESPONSIBILITY

When William Clark stepped up to lead the company in the 1860s, he invested in the community, looked after his workers and built them homes – many of which still surround the Clarks global headquarters in Street. We believe in preserving these values as we strive to develop a Company which can prosper and thrive in the highly competitive 21st century marketplace. We are driven both by a responsibility to address the expectations of our shareholders and an opportunity to realise the commercial value that building a global brand with a strong corporate reputation can bring. We continue to be a Company customers' trust, prospective employees want to work for and our people have pride in.

Our intent is to fully embed corporate responsibility into a complex global business with regional entities. In 2016/17, we moved another step in this direction by building on the solid progress made by the Behaving Responsibly programme and evolving it into a broader Corporate Responsibility approach, accompanied by a strengthened governance structure and ownership from the Senior Leadership Team. This has involved the creation of a Corporate Responsibility governance committee chaired by the Chief People Officer, and supported by several specialist sub committees, with a mandate to:

- Review and approve Clarks Corporate Responsibility Strategy
- Consider shareholder and external stakeholders views on the Corporate Responsibility strategy and performance
- Review and approve annual reporting of Corporate Responsibility activities
- Monitor progress in achieving Corporate Responsibility commitments, targets and KPIs
- Ensure the resources and skills are available to implement the Corporate Responsibility strategy
- Provide the Board with an overview of the social and environmental impacts of the company's activities and how they are being managed.

Alongside these changes, numerous teams across the business have worked with dedication in a demanding business environment to fully deliver twelve of our 2016/17 targets. In this report we present some of the highlights of the year, a 2016/17 performance summary and our 2017/18 targets. Further information can also be found on www.Clarks.com.

Going for Gold at our Americas Headquarters

Our new Americas HQ achieved a Leadership in Energy and Environmental Design (LEED) Gold rating from the U.S. Green Building Council. Based on the former Polaroid headquarters, the Clarks building uses over 95% of the previous structure, re-using materials where possible to reduce energy impact and save waste going to landfill. A low carbon footprint was also achieved via installing energy efficient lighting, heating and air ventilation, with the crowning glory provided by the installation of solar panels on a substantial part of the roof area - designed to generate over 13% of the building's anticipated annual energy use.

Employees benefit from 8 parking slots for charging electric vehicles, storage for up to 25 bikes and a fitness centre. Three community bikes can be booked free of charge to encourage health and wellbeing rides at lunchtimes in the nearby Prospect Hill Park. Overall, the building provides a great working environment for our employees with a lower carbon footprint.

Westway re-lighting delivers impressive energy savings
A major programme to replace old fluorescent lighting with 3000 intelligently controlled, highly efficient LEDs in our Westway distribution centre (DC) in Somerset was successfully implemented in 2016/17 and is already delivering multiple benefits. The opportunity to reduce energy consumption whilst improving light quality were key factors in driving the upgrade to LEDs. The old system was creating heavy energy demand, poor visibility in some areas, high maintenance and additional heat loading making working conditions uncomfortable in the summer months.

Spanning 47,000m², the Westway warehouse and distribution facility operates 24 hours a day for 362 days of the year and has storage capacity for 4.9m pairs of shoes, with the capability to despatch 150,000 pairs per day at peak times. Undertaking the lighting replacement whilst keeping Westway fully operational was no mean feat and we are proud that our Facilities and Engineering teams worked tirelessly with the contractors to deliver on time and to budget. The new system is delivering significant energy and carbon savings and the total electricity consumption for the site has reduced by around 26% since the new lighting was installed.

Tanneries – playing our part in raising standards
In 2016/17, environmental pollution incidents linked to tanneries in India and Bangladesh continued to make headlines and were the focus of several NGO investigations. The impact of such incidents on tannery workers and local communities can be devastating and remain one of the highest corporate responsibility risks in our supply chain.

Our proactive policies and targets have enabled us to be confident that Clarks-specified leather was not sourced from these tanneries and respond robustly to NGO and media enquiries. Year on year we have been increasing the percentage volume of Clarks-specified leather sourced from Leather Working Group (LWG) medal rated tanneries, those that have achieved bronze, silver or gold certification against the LWG Environmental Stewardship Protocol. This has taken us from 55% back in 2013, to over 80% in 2016/17 which is a fantastic achievement for our materials team.

So what about the remaining 20%? We work with our supply base to drive improvements and whilst a small proportion of tanneries have not yet achieved LWG medal rated status, we actively encourage them to achieve this and closely monitor their rate of progress and LWG audit outcomes. We will not source from tanneries which do not have a defined roadmap to achieve LWG medal-rated status, with the exception of some specialist tanneries which are based in countries where we are satisfied high standards of environmental protection are in place. For the Spring/Summer and Autumn/Winter 2017 collections, our target has been set at 85% as we continue to raise the bar.

Helping to combat human trafficking
Modern slavery and human trafficking are serious issues which are not as remote as we might like to think. It is estimated that in 2016/17 there were 45.8 million people enslaved globally and recent cases have occurred in the supply chains of big brand retailers. To address these issues, in 2016/17 we:

- Met with the UK's first Independent Anti-Slavery Commissioner, Kevin Hyland
- Commissioned a modern slavery risk assessment of our operations, in order to provide an objective view of where our exposure risks lie and recommendations for improving key policies and processes
- Held a Power of an Hour attended by over 100 employees and made available on our intranet to raise awareness of the issues; including a Q&A session hosted by two of our Senior Leadership Team.

Clarks is also supporting the Pacific Links Foundation in the delivery of their Factory Awareness to Counter Trafficking (FACT) program at some of our suppliers in Vietnam, where factories are among the main recruitment locations used by traffickers. Many workers are trafficked with the promise of better jobs or under other false pretences at great financial and human cost. The FACT program offers workshops for factory managers and workers to raise awareness about trafficking prevention. Clarks helped to fund and arrange the sessions with selected suppliers in 2016/17.

We are continuing to support the Pacific Links Foundation's valuable work into 2017/18, enabling the development of a trafficking awareness smartphone app which will be made available free of charge in order to reach a wider audience. This forms part of our commitment to support local communities in key areas where Clarks operates. Approximately 78,000 workers are involved in the production of Clarks shoes in Vietnam.

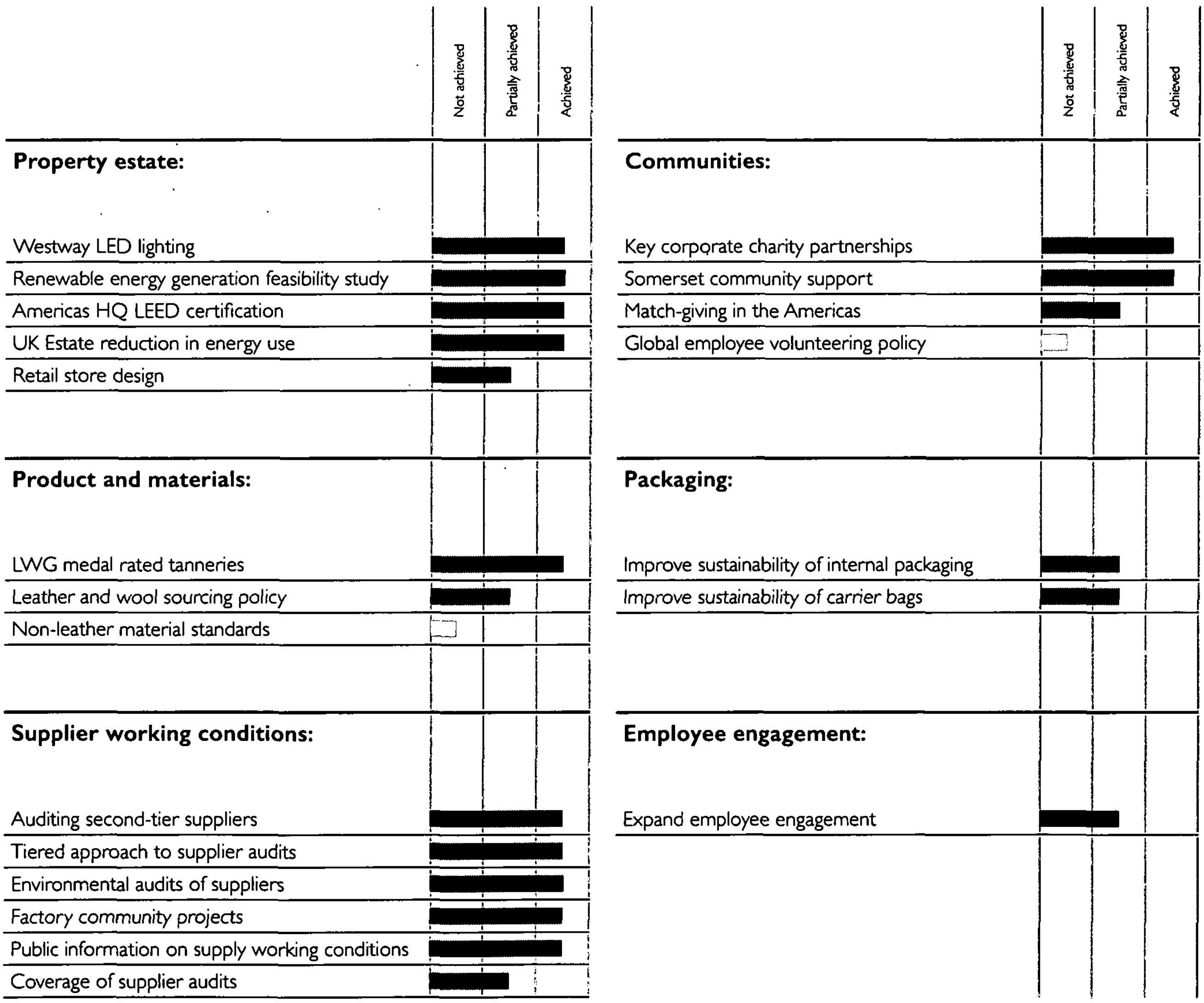
A new Community and Charity framework
Clarks has a strong history of supporting the local communities where it operates and over recent times has built up a broad array of charity partnerships, local community programmes, fundraising and employee volunteering opportunities. During 2016/17 we supported numerous charities ranging from our 4 key charity partners (Unicef, Miraclefeet, Triangle and Soul of Africa) through to the Two Ten Foundation (US), the Ge San Hua education fund (China) and the Retail Trust (UK). In addition, the Clarks Companies Foundation in the US provided scholarships and hardship grants. The company also responded to emergency situations and made donations to the Refugee and Migrant Crisis, Hurricane Matthew in the US and support for children in the Ukraine affected by the ongoing conflict. Employees generously gave their time and energy to organise fundraisers (for charities such as the

Dorset and Somerset Air Ambulance, our employee-voted local Somerset charity of the year) and provide other forms of support.

The current activities are laudable, however, the diverse nature of causes can present challenges in effective internal administration, due diligence, internal and external communications and integrating employee volunteering opportunities. As two of our key charity partnership agreements come to an end in 2017/18, a strategic review has been undertaken of our approach to charitable giving. This has resulted in the development of a new community and charity framework which comprises two principal elements: (i) a global goal shared by the whole company to help get 14,000 people walking independently (one for each of our permanent employees) and (ii) continued support for the local communities where we operate. We are excited about engaging our people, and ultimately consumers, behind a single key goal to which our people can bring their energy, commitment and expertise through 2017/18.

2016/17 Performance summary

This is a summary of our performance across all of our commitments shown as Achieved, Partially achieved or Not achieved



2016/17 Performance against targets

Target	Performance
Property estate	
Westway LED lighting: Undertake a major lighting programme in our Westway DC replacing over 3000 lights with LEDs	**Achieved:** Delivering significant energy savings and a more comfortable lit environment for employees.
Renewable energy generation feasibility study: Complete a survey of on-site renewable energy generation cost-benefits at Street HQ and Westway DC.	**Achieved:** Showed no financially viable options at present. Resource therefore focused on energy efficiency and the installation of electric vehicle chargers at our Street HQ and Americas HQ.
Americas HQ LEED certification: Ensure that the new Americas HQ continues to work towards LEED Silver status	**Achieved:** Gold certification.
UK Estate reduction in energy use: Energy efficiency reduction across UK estate compared to 2011 baseline	**Achieved:** In 2016/17, across our UK estate[1] we have achieved the following reductions in energy use and related emissions, when compared to our 2011 baseline and normalised for weather impacts: – 18% reduction in kWh per m² of floor space – 16% reduction in emissions per m² of floor space. Our Street HQ achieved a 14% reduction in emissions compared to our 2011 baseline, benefitting from investments in roof insulation and glazing.
Retail store design: Push to achieve greater levels of sustainability within our retail store concept solutions. Drive energy costs down and explore options for healthier and more sustainable store environments.	**Partially achieved:** The new Pure Concept has been designed to use highly energy efficient LED lighting. Additional sustainability elements will be considered during the material specification stage which will now roll out in 2018, whilst being conscious of cost pressures.
Product and materials	
LWG medal rated tanneries: Ensure that at least 80% of the leather specified for our footwear globally is sourced from LWG medal rated tanneries	**Achieved:** SS16 and AW16
Leather and wool sourcing policy: Adopt a formal policy on the Responsible Sourcing of Animal Skins and Wool.	**Partially achieved:** Final sign off scheduled early 2017. Clarks became founding members of the Animal Welfare Group, a multi-brand initiative established by the Leather Working Group.
Non-leather material standards: Adopt minimum Corporate Responsibility (CR) standards for non-leather materials.	**Not achieved:** Significant work was undertaken to identify responsible material options and implications (e.g. availability from current supply base, price and performance) through which a broader approach to utilising these materials will be developed during 2017/18, rather than minimum standards. Specialist expertise has been recruited to develop and progress Clarks knowledge and comprehension of the CR risks and opportunities in this area.
Supplier working conditions	
Auditing second-tier suppliers: Include additional key Clarks nominated second tier material and component suppliers within our audit programme as appropriate.	**Achieved:** Extended coverage to additional tanneries, sole suppliers and non-leather material suppliers.
Tiered approach to supplier audits: Introduce a tiered approach to the auditing of our suppliers to enable better use of our resources to help suppliers improve the working conditions in their facilities.	**Achieved.** Tiered approach to supplier audits and Key corporate charity partnerships.
Environmental audits of suppliers: Undertake full environmental audits of selected finished goods suppliers as a pilot to inform our future assessment and management of environmental impacts within the manufacturing process.	**Achieved:** Initial environmental audits undertaken at finished shoe suppliers in Cambodia, India & Vietnam who represented circa 60% of Clarks footwear production in 2016/17.

[1] Includes offices, distribution centres and own retail but excludes franchise stores.

2016/17 Performance against targets (continued)

Target	Performance
Supplier working conditions (continued)	
Factory community projects: Maintain our support for factory community projects that improve the health and education of those involved in making Clarks products.	**Achieved:** In addition to supporting the Factory Awareness to Counter Trafficking workshops by Pacific Links Clarks has continued to support the delivery of the HER health programme and has supported the undertaking of cancer screening for female employees at a supplier in India.
Public information on supply working conditions: Increase the level of information we make publicly available on our websites about how we manage supplier working conditions..	**Achieved:** Supplier working conditions information updated on www.clarks.com to include sourcing volumes and number of finished goods factories for footwear products by country.
Coverage of supplier audits: Maintain the current level of coverage of our audit programme against the Clarks Code of Practice to include suppliers producing at least 99% of Clarks branded footwear and non-footwear by volume.	**Partially achieved:** Partially achieved. The audit programme coverage was maintained at over 99% by volume for suppliers producing Clarks branded footwear. There was a shortfall against that target for Clarks branded non-footwear products. For suppliers of handbags the coverage was over 95%, across all accessories categories the coverage was 81%. This was due to the number and complexity of suppliers and resource constraints and is planned to be addressed in 2017/18.
Communities	
Key corporate charity partnerships: Maintain our key corporate charity partnerships with Miraclefeet and UNICEF	**Achieved.** Tiered approach to supplier audits and Key corporate charity partnerships.
Somerset community support: Recognise that as a major employer in Somerset, the company has a role in supporting our local communities.	**Achieved:** Showed no financially viable options at present. Resource therefore focused on energy efficiency and the installation of electric vehicle chargers at our Street HQ and Americas HQ.
Match-giving in the Americas: Promote the new match-giving programme for employees in the Americas.	**Partially achieved:** Launched and promoted but low uptake did not warrant operational costs. Scheme ceased.
Global employee volunteering policy: Pilot and refine a global employee volunteering policy.	**Not achieved:** Re-scheduled for 2018 as part of implementing our new charity and community framework.
Packaging	
Improve sustainability of internal packaging: Continue to investigate how to improve the sustainability of our internal support packaging (i.e. packaging used within shoeboxes), with the aim of reducing volumes of material, their recyclability and/or recycled content.	**Partially achieved:** Work on prototype continuing but not yet viable.
Improve sustainability of internal packaging: Consider options to improve the environmental impact of packaging provided at point of sale (carrier bags).	**Partially achieved:** Changes to plastic bag material specifications were identified and considered but no quick wins identified due to cost implications for UK retail. Further work will be undertaken through 2017/18.
Employee engagement	
Expand employee engagement: Work to develop the Behaving Responsibly Employee Network outside of our UK geography.	**Partially achieved:** Good participation from several personnel in the Americas. Lacking consistent Europe and AsiaPac involvement.

2017/18 Targets

Property estate

Achieve at least 5% normalised energy efficiency reductions across our UK estate[2] compared to 2011 baseline.

Analyse cost benefits of renewable energy tariffs for our UK and Americas operations.

Maintain high levels of UK store waste recycling (99% diversion from landfill + 90% recycled)

Product & materials

At least 85% of Clarks-specified leather for our Spring/Summer and Autumn/Winter 2017 footwear will be sourced from LWG medal rated tanneries.

Develop a responsible materials strategy with defined goals.

Develop a VOC (Volatile Organic Compounds) reduction strategy for our footwear supply chain.

Supplier working conditions

Maintain the current level of coverage of our audit programme against the Clarks Code of Practice to include suppliers producing at least 99% of Clarks branded footwear by volume and to achieve this level for non-footwear products by volume.

Source at least 90% of Clarks branded footwear by volume from factories rated as Low or Medium risk under our supplier working conditions programme.

Publish on our website the details, including the name and location, of all Clarks footwear suppliers which are managed directly by the Clarks business.

Establish an environmental audit programme for all Clarks direct managed finished goods suppliers.

Communities

Finalise charity partnerships to contribute to the global goal in each geography.

Packaging

Confirm shoebox recycled content in light of Brand requirements and new supplier.

2018 Targets

Property estate

Improve waste management at Street HQ (80% diversion from landfill + 80% recycled).

Push to achieve greater levels of sustainability within our retail store concept solutions. Drive energy costs down and explore options for healthier and more sustainable store environments. (Due to timing for Pure Concept, this will run through 2017 into 2018).

Communities

Engage all of our employees in a co-ordinated global charitable programme which expresses our lasting principles.

Packaging

Implement solutions which reduce the environmental impact of carrier bags provided at point of sale.

[2] Includes offices, distribution centres and own retail but excludes franchise stores.

Environmental Compliance

We are committed to operating in accordance with all applicable environmental legislation. Where non-compliance incidents do occur, we make every effort to undertake rapid corrective actions and implement improved processes where needed.

In April 2016, market sampling by the Chinese Government resulted in Clarks receiving notification of a failure due to the presence of formaldehyde in a leather in one of our children's styles. Follow-up testing on stock footwear and leather was satisfactory against Clarks Restricted Substances policy. China has tighter restrictions for formaldehyde than other global markets and Clarks policy has been revised to align with this requirement.

In May 2016, an Austrian consumer group tested products from a range of footwear brands, including a Clarks children's sandal. Their report claimed that the suede used in the lining of the Clarks sandal had slightly high chrome VI levels. Follow-up testing on stock footwear and leather was satisfactory against Clarks Restricted Substances policy.

REMUNERATION REPORT

Chairman's introduction
The Remuneration Committee is pleased to present its report on Director's Remuneration for the year ended January 2017.

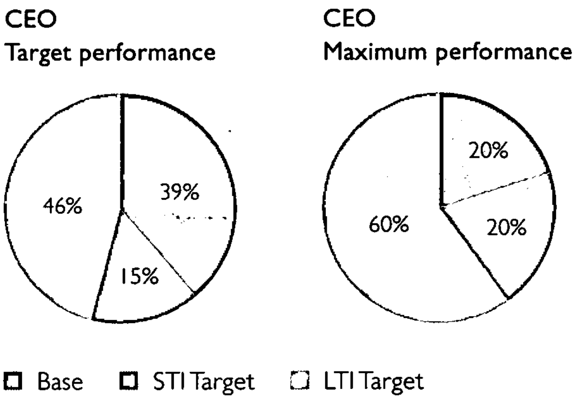
Our performance in 2016/17
The business has made demonstrable progress in 2016/17 with an increase in consolidated sales and a meaningful reduction in inventory and a much stronger balance sheet with the net borrowings position of the Group considerably improved. Underlying Group operating profit remained inline with the previous year.

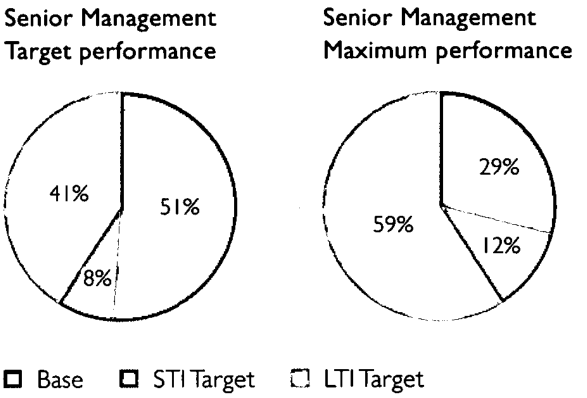
Our reward philosophy and approach to Executive Compensation:

Pay for Performance
Clarks' executive compensation programmes are designed to align the interests of Clarks' executives with those of our shareholders:
- We provide competitive, market-based total compensation packages that allow Clarks to attract and retain the calibre of Executive Directors and other key employees necessary to deliver sustained high performance to our shareholders
- Compensation plans are aligned with both short-term and long-term business strategies
- A significant portion of total compensation is variable rather than fixed, reflecting our commitment to pay for performance
- Our long-term compensation programmes are designed to reinforce executives' focus on sustainable value creation for our shareholders.

The principles which underpin our reward practices are to:
- Incentivise the delivery of the Company's strategy in a manner that is straightforward, easy to understand and aligned with our shareholder's long term intentions for the business
- Structure remuneration packages which are positioned around market median levels and with the potential for above median levels for sustained high performers and for critical talent
- Provide variable pay which is based on the achievement of both business and individual performance goals
- Weight the mix of compensation towards the longer term for senior management and Executive Directors, in order to incentivise a longer term horizon in decision making
- Ensure sustainability in the financial performance of the business through discretion to use of mandatory holding periods and provisions to ensure the long-term integrity of our rewards.

The mix of fixed and variable pay for current Executive Directors and Senior Management is shown below for both on-target and maximum performance





The remuneration for the CEO and the Senior Management team is geared towards rewarding long term performance. At on-target performance, between 41% and 46% of remuneration is long term. For maximum performance around 60% is long term. This reflects the focus on incentivising management to achieve long term goals that enhance the value of the business.

Our Executive Compensation Practices

Clarks' packages for senior employees comprise a base salary, an annual incentive and long-term incentives in addition to market competitive pension and benefits. We benchmark each element and the total compensation using benchmarking information from bespoke and sector market comparator data.

Salaries

Salaries are reviewed annually and adjusted if appropriate being mindful of both the pay increases awarded to the wider employee workforce and the broader economic context in the business.

Annual incentives

Annual incentive schemes are set each year focussing on the delivery of the critical goals for the business and the creation of value for shareholders. Performance targets and measures are determined by the financial objectives for the coming year in line with our budget and strategic plans but set to reward stretching performance in the business. Participation and levels of awards are based upon market compensation practices and the overall affordability of the scheme.

Long term incentives

Long-term incentives are designed to (i) reward Executive Directors and key Senior Managers for their contribution to long-term sustainable financial results that drive shareholder value and (ii) to encourage retention by increasing their stake in the future growth and profitability of the business.

The incentive plans operate on a three year term, with a cycle commencing each financial year. Vesting is subject to the achievement of financial performance targets, which are set in accordance with the financial objectives and shareholder value creation expected over the term of the plan. The award is delivered in cash although actual pay outs are adjusted in line with the movement in Clarks' share price over the performance period to further enhance the alignment between management and shareholders.

Pension Benefit

The company encourages financial prudence and long-term savings by its employees through various schemes in many of the countries in which it has operations. In the United Kingdom this is provided through membership of the Clarks Flexible Pension Scheme, where savings contributions by members are complemented by a savings contribution by the company, up to a maximum cap of a percentage of an individual's base salary.

Executive Directors are eligible to join the Clarks Flexible Pension Scheme. Should the value of their personal pension benefits be approaching or above the lifetime allowance determined by UK HMRC, they are entitled to a salary supplement in lieu of company pension contributions.

Share Incentive Plan

The company operates a Share Incentive Plan. Under the plan, eligible employees may save up to 1% of their gross earnings which will be used to purchase ordinary shares in the Company. One matching (free) share will be allocated for every partnership share purchased by an employee. These shares rank for dividend and are held in trust for a minimum of three years before being eligible to be transferred to the employee subject to applicable tax and national insurance deductions.

Non-Executive Directors Compensation

The compensation of the Chairman is determined by the Committee. The Board determines remuneration of the other Non-Executive Directors of the Company. Compensation consists of fees for their services in connection with Board and Board committee meetings. They do not have contracts of service and must retire after nine years' service or such other period as the Company agrees by special resolution. They are not eligible for pension scheme membership and do not participate in the Group's bonus scheme or other incentive schemes. The Remuneration Committee, having taken external advice from PwC UK, noted that fees for Non-Executive Directors of the Company were currently below market median levels and intends to adjust fees over time to reflect market median levels.

Executive Chairman's Compensation

The table below shows the build-up of the Chairman's remuneration during the period with a comparison to the remuneration paid to the Group's previous CEO.

Chairman		Previous CEO		
	2016		**2015**	**2014**
Chairman's fee	206,000	Base salary	676,000	659,000
Executive supplement	494,000	Bonus	120,000	118,000
Incentive payment[1]	296,800	Supplements[3]	429,000	399,000
		LTIP	493,000	119,000
Total[2]	**996,800**		**1,718,000**	**1,295,000**

(1) For a 15 month period

(2) Excludes paid health insurance (representing the difference between the above total and the amount stated in the annual report on remuneration on page 56.

(3) Compensation for restrictions on pensions

From 1 January 2017, the Chairman reverted to a non-executive role and his remuneration for office is now £206,000 per annum plus health insurance.

Living Wage

The Committee has noted the Group, although not obligated to do so in full, has elected to implement the Living Wage into its employees' remuneration as from 1st April 2016. This has been at cost to the Group of £1.5m and is of benefit to 6,800 employees. The cost to the Group going forward is difficult to predict as the Living Wage is re-set on an annual basis. The Group intends, however, to continue to implement it. It is further noted that given the uplift in salary brought about by implementation of the Living Wage, the Group has elected not to make any cost of living increase to salaries in respect of 2017/18.

Remuneration Committee Highlights in 2016

1. Performance targets and measures for annual incentive schemes

Performance measures

The key performance measure in the primary annual incentive arrangements in which many of our employees participated during 2016/17 was underlying Group operating profit. This was deemed to be a measure that is both easy to understand by participants and one that was within their ability to impact. It was also intended to align all functions and teams.

Executive Chairman Incentive

In his role as Executive Chairman for the period of his interim appointment (26th September 2015 to 31st December 2016), Thomas J O'Neill participated in an individual one-off incentive scheme approved by the Remuneration Committee by an agreement with the opportunity to earn up to £350,000 subject to the achievement of a number of business objectives. These included achievement of the underlying Group operating profit target, recruitment and induction of a new Chief Executive Officer as well as other specific qualitative measures.

Group global bonus scheme 2016/17

The Group's global annual incentive scheme was designed to incentivise participants to achieve the Group's annual financial objectives. The performance measure used in the 2016/17 scheme was underlying Group operating profit, with payment dependent upon achievement of the Group's profit target.

2. Determination of bonus pay-out for 2016/17 and incentive schemes

Executive Chairman incentive payment

Thomas J O'Neill will receive a payment of £296,800 in April 2017, which represents 85% of the incentive of £350,000 for the period 26 September 2015 to 31 December 2016.

CEO incentive payment

Mike Shearwood by his employment agreement is entitled to a one-off payment of £100,000 for 2016/17. It will be paid in April 2017. Going forward Mike Shearwood will participate in the CEO component of the Group global annual bonus scheme.

Group global annual bonus scheme payment

The Remuneration Committee, under the scheme guidelines, exercised its discretion to recommend a reduced bonus award resulting in a £3.1m bonus pool, (representing an award of 65% of target). This was to more than 800 employees who participate in the Group global bonus

scheme. The incentive represents an important part of the extended Group's compensation. The Committee determined that a reduced award was appropriate to recognise some important progress and to support motivation. It also recognised that the target payments for 2016/17 had already been significantly reduced when compared to target payments for previous years.
The bonus pool does not include the one-off incentive payments made to the CEO and Executive Chairman.

3. Determination of pay out of long term incentive plans

The eighth performance period of the Long-Term Incentive Plan ("LTIP") came to an end on 31st January 2017. The profit after tax element of cycle 8 fell below the 85% minimum target and as a result no award will be made under the scheme.

No LTIP cycle was approved to commence in 2016 whilst the Remuneration Committee reviewed the existing arrangements.

4. Appointment of new Executive Directors and senior management

This year has seen the appointment of a new Chief Executive Officer, Mike Shearwood on 30th September 2016.

The Remuneration Committee used in–depth competitor and market comparator benchmarking information provided by their external advisers, PwC, to construct an overall compensation package, with each element positioned appropriately versus the market.

			Max benefit	Max target benefit [2]		On target benefit	Minimum target [3]	Max target benefit [2]
Type of scheme	Cycle [1]	Date range	x salary	Profit	ROCE	x salary	Profit	ROCE
Senior Leaders	8	01/02/2014 - 31/01/2017	2.25	120%	20.9%	0.2-0.9	85%	14.8%
Senior Leaders	9	01/02/2015 - 31/01/2018	0.5-2.0	120%	22.1%	0.2-0.9	85%	15.7%

(1) All cycles are for 3 year periods & are cash awards
(2) No benefit is awarded on ROCE measure if profit target is missed
(3) No benefit is awarded below minimum target

5. Review and re-design of long term incentive plans

During this year, the Committee undertook a review of the existing LTIP and have developed a new arrangement with the first three year cycle commencing in April 2017.

The primary objectives of the new design were to:
- Ensure greater alignment in reward between the Group's management and its shareholders through the use of performance-based awards where the value is linked to share price
- Introduce performance conditions which are more relevant to the medium and longer term performance objectives of the business.

Initial grants will be based on a multiple of base salary, with individual awards being converted to a number of Clarks Performance Share Units. The number of share units will be based on the share price and grant dates will be aligned with share valuation dates.

At the end of the performance period, depending upon the level of achievement against the agreed performance targets, the Clarks Performance Share Units will be converted to a cash amount equal to the value of the Clarks share at that time. The Remuneration Committee may use its discretion to allow participants to receive a payment equivalent to the dividends paid for the period. The use of performance-based share equivalents is designed to motivate management to deliver on agreed longer-term financial targets and improve the value of Clarks' shares and dividend payments over the 3 year cycle.

The Clarks Performance Share Units carry no other rights than those specified under the LTIP.

The performance measures for the awards will be a combination of:
- 70% - Cumulative Clarks Group Profit after Tax and before exceptional items
- 30% - Cumulative cash generation (defined as cash generated less asset investment before interest and tax payments)

In addition, participants are required to remain employed by Clarks in order to receive a payout from LTIP.

Achievement against targets will be rewarded as follows:
- Threshold (90% of target) = 15%
- Target (100% target) = 40%
- Maximum (120% of target) = 100%

Threshold performance must be achieved in order to trigger any awards.

Example assuming on target performance achieved:
- Base salary - £300,000
- Maximum LTIP opportunity - 200% of salary
- On target LTIP opportunity - 80% of salary

Initial award:	£600,000 (£300,000 x200% of salary)
Share price at time of award:	£8.00
Clarks Share Units awarded:	75,000 (£600,000 divided by £8.00)
Dividend payment (assumed):	£18,000 (30,000 x £0.20 x 3 years)
Performance over 3-year period:	40% (on-target achievement)
Clarks Performance Share Units earned:	30,000 (40% of 75,000 Performance Share Units)

	Share price increases by £1	Share price decreases by £1
Share price at the end of 3-year period:	£9.00 (+12.5%)	£7.00 (-12.5%)
Clarks Performance Share Units pay-out:	£270,000 (30,000 Performance Share Units x £9.00)	£210,000 (30,000 Performance Share Units x £7.00)
Dividend value per annum:	£0.20 per share pa	£0.15 per share pa
Dividend payment (assumed):	£18,000 (30,000 x £0.20 x 3 years)	£13,500 (30,000 x £0.15 x 3 years)
Total payout:	**£288,000**	**£223,500**

Introduction of holding periods, malus and clawback in incentive schemes

At the request of the Committee, the plan rules for the long-term incentive scheme has been amended to include terms relating to malus (reduction in the level of pay out prior to pay out) and Clawback (recovery of amounts paid in respect of awards). These will apply in exceptional cases of poor individual or management conduct or in the event of a material misstatement in the financial accounts, and can be applied for a total period of 5 years from the date of grant.

Where appropriate the Committee will also consider the use of holding periods to defer payment of long incentives, once again to ensure that results are sustainable and aligned with shareholders' interests.

Information subject to audit
The auditors are required to report on the information in the following sections of the report:
- Directors' remuneration, including descriptions of the long-term incentives schemes
- Directors' pension entitlements

Compensation for loss of office
There were no payments made in respect of compensation for loss of office for Executive and Non-Executive Directors during the year ended 31st January 2017.

Annual Report on Remuneration

Emoluments, compensation and long-term incentives in respect of qualifying services of each person who served as a Director during the year are listed in the table below.

	Salaries and fees £000	Salary supplements and fees £000	Benefits £000	Incentives £000	Long term incentive plan £000	**Total 2016/17 £000**	Total 2015/16 £000
Executive Directors							
Mike Shearwood (1) (from 30th September 2016)	202	40	6	100	–	**348**	–
Non-Executive Directors							
Thomas J O'Neill (2)	206	494	39	296	–	**1,035**	415
Lucien Alziari (7)	46	5	–	–	–	**51**	4
Walker Boyd (6)	46	17	–	–	–	**63**	4
Timothy Campbell	46	–	–	–	–	**46**	46
Hugh Clark (3) (to 17th November 2016)	39	97	–	–	–	**136**	100
Stella David (5)	46	6	–	–	–	**52**	52
Nigel Hall (4)	46	105	–	–	–	**151**	108
Wayne Kulkin (from 24th March 2016)	34	–	–	–	–	**34**	–
Ben Lovell (from 17th November 2016)	11	–	–	–	–	**11**	–

Benefits arising from employment by the Company relate mainly to the provision of company cars and life assurance.

(1) Mike Shearwood's salary supplement in lieu of company pension contributions. The performance related bonus relates to a payment to be made as part of the global incentive bonus plan.

(2) Thomas J O'Neill's salary includes £494k (2015/16 - £187k) to compensate the Chairman for his executive duties whilst a new CEO was being recruited and transitioned into the business: the £39k of benefits represents health insurance paid during the year

(3) Hugh Clark's salary includes £95k (2015/16 - £46k) for additional duties relating to the Governance Committee and £2k (2015/16 - £8k) for remuneration in his capacity as chair of the Remuneration Committee to 5th May 2016

(4) Nigel Hall's salary includes £95k (2015/16 - £46k) for additional duties relating to the Governance Committee, £3k (2015/16 - £10k) for remuneration in his capacity as chair of the Audit Committee and £7k (2015/16 - £7k) in his capacity as Senior Independent Director

(5) Stella David's salary includes £6k (2015/16 - £6k) for remuneration in her capacity as chair of the nominations committee in respect of the search for a Chief Executive Officer.

(6) Walker Boyd's salary includes £7k (2015/16 - £nil) as remuneration in his capacity as a Chair of the Audit Committee and Share Valuation committee from 5th May 2016 and £10k (2015/16 - £nil) in respect of additional duties

(7) Lucien Alziari's salary includes £5k (2015/16 - £nil) for remuneration in his capacity as chair of the Remuneration Committee from 5th May 2016

Directors' Service Contracts
It is the policy of C&J Clark Limited to issue all new Executive Directors with twelve month rolling service contracts. There are no provisions in Directors' service contracts for compensation in respect of early termination of a contract. There is however, an obligation to pay for any notice period waived by the Company. Executive Directors' service contracts require the Company to give 12 months' notice to terminate the contracts. Dates of service contracts for Executive Directors who have served during the year are as follows:
- Thomas J O'Neill (Executive Chairman) from 1st January 2016 to 31st December 2016
- Mike Shearwood from 30th September 2016

Directors Pension Entitlements
As part of his total remuneration package, Mike Shearwood was eligible to join the Clarks Flexible Pension Scheme, or to take a salary supplement of 20% of salary. He opted to take the salary supplement, which is subject to the usual statutory deductions.

Remuneration Committee membership and meetings
The Committee met 6 times during the year ended 31st January 2017. The Committee changed in both membership and Chairman during 2016/17. Lucien Alziari took over the Chairman responsibilities from Hugh Clark on 5th May 2016 and the Committee changed in membership on 22nd September 2016, with Wayne Kulkin and Timothy Campbell replacing Nigel Hall and Hugh Clark.

All of the Committee's members are considered to be independent non-executive directors, in accordance with the UK Corporate Governance Code. The Chairman and Chief Executive Officer attend meetings by invitation, but they do not attend when their own remuneration is discussed and no director is involved in deciding his or her own remuneration. Other regular attendees include the Chief People Officer and Chief Financial Officer.

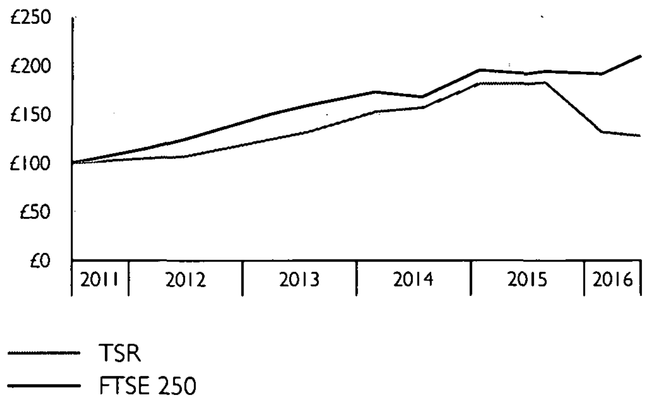
The Committee also meets regularly with its independent advisers, PwC.

Total Shareholder Return
Total Shareholder Return (TSR) represents the return on investment in shares of a Company over a given period. TSR assumes that all dividends are re-invested and any rights issues taken up. It is assumed that the buyback proceeds were also re-invested in shares.

TSR is a metrics used predominantly for publicly traded companies to allow comparisons between public Companies performance and thus may not be an entirely Comparable measure for a private company like C&J Clark Limited. The external share valuation for C&J Clark Ltd conducted by PwC assumes a willing buyer and seller, is based on a minimal volume of transactions, and does not fully take account of external market forces.

While TSR is not an entirely applicable measure to Clarks as a privately-owned business, nevertheless it provides a useful indication of how an investment in a share of Clarks compares to an investment in the public capital markets. The TSR graph is based on an initial purchase of shares in C&J Clark Limited in September 2011 and uses share valuations up until the share valuation in September 2016. The comparison shown is against the FTSE 250 share index, against the same period to September 2016. Clarks' market capitalisation, based upon the share price calculated bi-annually by PwC, would make C&J Clark Limited a FTSE 250 company.

TSR vs FTSE 250



This report will be laid before the shareholders for approval at the Annual General Meeting to be held on 5th May 2017.

On behalf of the Board

Lucien Alziari
Chair of the Remuneration Committee
23rd March 2017

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BOARD OF DIRECTORS

Mike Shearwood

Mike Shearwood was appointed as CEO on 30th September 2016. He has a long and successful track record as a world class leader in brands and retail, most recently, between 2009 and 2015, as CEO of Karen Millen and Aurora Fashions, the owner of Oasis, Coast and Warehouse across 77 countries. At Karen Millen he drove considerable ecommerce initiatives, the repositioning of the brand and the expansion into North America, Asia and Europe. Before joining Aurora, he was Deputy CEO of Mosaic Fashions, owner of seven well known international and high street brands, including Shoe Studio Group. Prior to that he was MD of the Inditex Group of brands in the UK and Ireland, including Zara. He has also held senior positions at Industrias de Diseno Textil and Vision Express. He began his career with Dollond and Aitchison in 1983 where he qualified as an Optician.

Thomas J O'Neill

Thomas J O'Neill was appointed as an independent Non-Executive Director (NED) on 10th May 2004. On 6th December 2013 he was appointed the Non-Executive Chairman (NEC) and in September 2015 served temporarily as Executive Chairman whilst a search for a permanent CEO was carried out. He reverted to NEC on 31st December 2016. He has more than 25 years' experience in international retailing and brand management, including Chief Executive (CE) and Director of Harry Winston, Inc. and President and Director of Harry Winston Diamond Corporation. Prior to this he was Worldwide President of Burberry, CE at LVMH Fashion Division in the Americas, CE of Marc Jacobs and Executive Vice-President (EVP) of Tiffany & Company. He currently serves as an independent NED of Aurum Holdings Ltd.

Nigel Hall

Nigel Hall was appointed as an independent NED on 1st March 2006 and on 1st October 2014 was appointed Senior Independent Director (SID). Nigel is a chartered accountant who qualified with Price Waterhouse before joining the fashion retailer The Burton Group plc (renamed Arcadia Group plc in 1998) where he served as Finance Director from 1997 until 2003. Nigel is also a NED of Michelmores LLP, a Director of Exeter Rugby Group PLC and a Governor of Blundell's School in Tiverton.

Lucien Alziari

Lucien is a senior Human Resources executive with over 30 years of experience in major international companies. From 2012 to the beginning of 2017, he was Executive Vice - President and Chief Human Resources Officer of AP Moller-Maersk, a global shipping and energy conglomerate located in Copenhagen, Denmark, with operations in over 130 countries and around 90,000 employees worldwide. From 2004 to 2012, he was the Chief Human Resources Officer and Head of Corporate Responsibility for Avon Products, based in New York City. Prior to this, he held increasingly responsible roles with Mars Confectionery in the U.K. and PepsiCo Inc. in New York, Vienna and Dubai. Lucien is a Fellow and Director of the National Academy of Human Resources in the United States, a founding member of HR50 and a member of the Board of Advisers of the Center for Executive Succession at the University of South Carolina.

Walker Boyd

Walker Boyd was appointed as an independent NED on 4th January 2016. He has extensive retail experience in the U.K. and U.S.A. and is a Chartered Accountant. He was Group Finance Director of Signet Jewellers Limited, previously Signet Group Plc, from 1995 until his retirement in 2010. He was Non-Executive Chairman of WHSmith Plc from 2010 to 2013 and Non - Executive Chairman of Spirit Pub Company Plc from 2011 to 2015. He has also served as a NED on the Boards of CSR Plc, where he was SID and Chairman of the Audit Committee, and Punch Taverns Plc.

Timothy Campbell

Tim Campbell is a Strategic Advisor to J.F. Lehman and Company, a private equity firm with offices in New York and Washington D.C. Tim was previously Managing Director (MD) of Maymont Capital Advisors AG, a Zurich, Switzerland based private equity advisory firm, and was MD at Richmond Global, a private equity firm focused on emerging technologies. Prior to working in private equity, Tim was an analyst at the Institute for Foreign Policy Analysis in Washington, D.C., and at the Centre Français sur les Etats-Unis at the Institut Français des Relations Internationales in Paris. Tim graduated from the College of William and Mary with a B.A. in Economics and earned a post graduate degree from the Institut d'Etudes Politiques de Paris. Tim has lived and worked in America, Europe and Asia, and currently lives in the United States.

Stella David

Stella David was appointed as an independent NED on 1st March 2012. She has over 30 years' experience in branded consumer goods, with a focus on strategy and brand management. She retired as CEO of William Grant & Sons, a family-owned, international spirits company in 2015. She is currently a NED of Home Serve plc, Bacardi Ltd and Norwegian Cruise Line Holdings Ltd and has also served as NED for Nationwide Building Society.

Ben Lovell

Ben Lovell was appointed as a NED on 17th November 2016. He worked for Clarks in UK retail for 10 years before moving to the USA to manage inventory and customer services for Clarks of England. In 1988 he established his own eponymous shoe stores in the greater Philadelphia region and sold this business in 2016. He has been a member of the Family Shareholder Council since its inception in 1993, first as a Councillor and then as a NED on the board from 1999 to 2005.

DIRECTORS' REPORT

The Directors present their Annual Report to shareholders together with the audited financial statements for the year ended 31st January 2017.

Principal Activities
The principal activities of the Company and its' subsidiaries are worldwide shoe retailing and wholesaling and related trades. Further details of the operations and the trading results are set out on pages 20 to 33. The profit after tax for the Group for the year was £24.5m. A list of the major overseas subsidiaries of the Group can be found on page 100.

A review of the Group's performance during the year, expected future developments and principal risks and uncertainties facing the Group are contained in the Chairman's Statement, the Chief Executive Officer and the Chief Financial Officer's Review.

Dividends
The Board have approved a dividend payment of 14.0 pence per share which is due for payment in April 2017. Together with the interim dividend of 7.0 pence per share paid in October 2016, the full year dividend is 21.0 pence per share.

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.

Directors
The current Directors of the Group are listed on pages 60 and 61. During the year we have seen the appointment of a new Chief Executive Officer (CEO)(Mike Shearwood) and one new Independent Non-Executive Director (Wayne Kulkin) (resigned subsequently) and one new Family Non-Executive Director (Ben Lovell). A recruitment process for the CFO role continues.

At the last Annual General Meeting, shareholders approved an extension to the terms of appointment for one year for Thomas J O'Neill, and Nigel Hall and for six months for Hugh Clark, all of whom had completed in excess of nine years of service.

As detailed in the Governance Report on page 37, the Board will be proposing a special resolution at the Annual General Meeting to extend the appointment of Thomas J O'Neill.

Details of the Directors' service contracts are provided in the Remuneration Report on pages 51 to 57.

Share Register

As at 31st January 2017 the composition of the share register of C & J Clark Limited was:

	£	%
Family	49,960,965	84.6
Institutions	948,507	1.6
Share Schemes	679,840	1.2
Trusts associated with CJC	2,835,094	4.8
Employees (including ex & families)	4,619,391	7.8
Non family board members	22,600	0.0
	59,066,397	**100**

Share Buyback

There were no share buybacks during the year.

Directors' Interests

The interests of Directors in the share capital of the Company are shown in the table below. A list of transactions with related parties is set out in note 24 to the financial statements. There were no changes to Director's share interests between the end of the financial year and 11th March 2017 (being one month before the date of the notice of the Annual General Meeting).

	As at 31 January 2017	As at 31 January 2016
Nigel Hall	5,000	3,000
Tom O'Neill	10,000	10,000
Timothy Campbell	2,620,591	2,619,264
Stella David	100	100
Walker Boyd	2,500	0
Lucien Alziari	5,000	0
Ben Lovell [1]	2,027,615	–
Mike Shearwood	–	–
	4,670,806	2,623,364

[1] Appointed during the year so no comparative shown

The shareholdings shown above do not, in every case, represent the beneficial interests held.

Donations

Donations for charitable purposes made by the Group during the year amounted to £0.3m. No donations were made for political purposes.

Employees

The Board subscribes to the principle of equality of treatment and opportunity and believes it to be 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 which will be taken into account in making decisions about employees are those which relate directly to actual or potential performance. Throughout the Group, procedures for consultation with, and the involvement of, employees are in operation as appropriate to the circumstances of the individual businesses. Information on matters of concern to employees are given through a variety of presentations, briefings, bulletins and reports.

The Environment

The Group recognises that care and concern for the environment and the community are fundamental parts of the Group's strategy. It is the Group's intention to strive continuously to minimise any adverse environmental impact of its business activities, to comply with all relevant environmental legislation and to promote a caring attitude to the environment amongst its employees. A statement of commitment from the Group in its environmental policy is shown on pages 43 to 49

Creditor Payment Policy

The Group's policy is to use standard payment terms, payment being 60 days from the date of invoice, except for goods for resale which are generally 45 days from the date of invoice. For all trade creditors it is the Group's policy to:

- Agree payment terms prior to receipt of goods or services
- Ensure that suppliers are aware of those agreed payment terms through a signed written contract
- Adhere to agreed payment dates provided that the supplier complies with its contractual obligations.

Corporate Governance

The Group remains committed to maintaining high standards of corporate governance. As a privately-owned Company, it adopts what it considers to be a best-practice approach to corporate governance on a voluntary basis. A more detailed report on corporate governance is set out on pages 39 to 41.

Going Concern

The Directors consider that the Group and the Company have 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.

Director's Responsibilities

So far as each of the Directors is aware, there is no relevant audit information (information needed by the Group's auditors in connection with preparing their report) of which the Company's or the Group's auditors are unaware. Each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's and the Group's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of The Companies Act 2006.

Auditors
A resolution to appoint Ernst & Young LLP as auditors of the Company and a resolution to enable the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Annual General Meeting.
The Annual General Meeting of the Company will be held at 11.30 am on Friday 5th May at the Company's offices at 40 High Street, Street, Somerset, BA16 0EQ.
By Order of the Board.

Mike Shearwood
Director
23rd March 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

The Directors have decided to prepare voluntarily a Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No 410) made under the Companies Act 2006, as if those requirements were to apply to the Company.

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of C&J Clark Limited for the year ended 31st January 2017 set out on pages 72 to 100. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland).

In addition to our audit of the financial statements, the Directors have engaged us to audit the information in the Remuneration Report that is described as having been audited, which the Directors have decided to prepare (in addition to that required to be prepared) as if the company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No 410) made under the Companies Act 2006.

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 67, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at 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 of the parent company's affairs as at 31st January 2017 and of the group's 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 matters prescribed by the Companies Act 2006

In our opinion:
The part of the Remuneration Report which we were engaged to audit has been properly prepared in accordance with Schedule 8 to The Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements were to apply to the company. The information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.

Andrew Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square, Bristol BS1 4BE
24th March 2017

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Consolidated Income Statement
For the year ended 31st January 2017

	Notes	2017 £m	2016 £m
Turnover	1(b)	**1,661.8**	1,540.0
Less: Joint Venture	1(b)	**(7.1)**	(6.4)
Group turnover	1(b)	**1,654.7**	1,533.6
Costs less other income	2(a)	**(1,615.6)**	(1,491.8)
		39.1	41.8
Long-term incentive schemes	2(a)	**–**	4.0
Group operating profit	2(a)	**39.1**	45.8
Share of operating loss in Joint Venture	2(f)	**(1.4)**	(0.6)
Profit before interest and taxation	1(a)	**37.7**	45.2
Net finance costs	3	**(17.8)**	(10.2)
Profit before taxation		**19.9**	35.0
Tax on profit	4	**4.6**	1.0
Profit for the financial period		**24.5**	36.0
Earnings per ordinary share	6	**41.5p**	60.7p
Non-GAAP measures: adjusted profit before tax			
Profit after tax		**24.5**	36.0
Adjusted for:			
Fair value of non-hedge accounted derivatives	3	**10.0**	3.1
Tax on fair value of non-hedge accounting derivatives		**(2.0)**	(0.5)
Adjusted profit after tax		**32.5**	38.6
Adjusted Earnings per ordinary share		**55.0p**	65.0p

Other Comprehensive Income Statement
For the year ended 31 January 2017

	Notes	2017 £m	2016 £m
Profit for the period		**24.5**	36.0
Other comprehensive income			
Currency Translation Adjustments		**9.3**	3.8
Actuarial (loss)/gain on pension schemes	16	**(20.0)**	91.9
Deferred tax on actuarial loss/(gain) on pension schemes		**3.8**	(18.7)
Effective portion of changes in fair value of cash flow hedges		**(32.6)**	(9.1)
Deferred tax on fair value of cash flow hedges		**6.8**	1.9
Other comprehensive (loss)/income for the period, net of income tax		**(32.7)**	69.8
Total comprehensive (loss)/income for the period		**(8.2)**	105.8

Statement of Financial Position
As at 31st January 2017

		Notes	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Fixed assets						
Intangible assets		7	**0.4**	0.5	**–**	–
Tangible assets		8(a)	**361.1**	359.9	**–**	–
Investments	Joint venture		**(3.7)**	(1.9)	**–**	–
	Other	9	**–**	–	**80.0**	79.7
Deferred tax asset		15	**54.4**	32.5	**0.7**	1.9
Other			**0.2**	3.9	**–**	–
			412.4	394.9	**80.7**	81.6
Current assets						
Inventory		10	**455.1**	485.5	**–**	–
Debtors		11	**187.7**	189.5	**344.5**	282.8
Cash at bank and in hand		20	**89.1**	46.0	**15.0**	5.6
			731.9	721.0	**359.5**	288.4
Creditors – amounts falling due within one year		12	**(338.3)**	(287.0)	**(158.1)**	(73.4)
Net current assets			**393.6**	434.0	**201.4**	215.0
Total assets less current liabilities			**806.0**	828.9	**282.1**	296.6
Creditors – amounts falling due after more than one year		13	**(155.2)**	(156.6)	**(152.9)**	(152.2)
Deferred tax liability		15	**(16.8)**	(29.0)	**–**	–
Provisions for liabilities and charges		14	**(37.9)**	(42.2)	**–**	–
Net Assets excluding pension asset			**596.1**	601.1	**129.2**	144.4
Pension asset		16	**28.4**	47.8	**–**	–
Net assets including pension asset			**624.5**	648.9	**129.2**	144.4
Capital and reserves						
Called up share capital		17	**59.1**	59.1	**59.1**	59.1
Share premium account		18	**0.8**	0.8	**0.8**	0.8
Capital redemption reserve		18	**18.4**	18.4	**18.4**	18.4
Merger Reserve		18	**15.1**	15.1	**–**	–
Cash flow hedge reserve			**(4.5)**	21.3	**–**	–
Profit and loss account			**535.6**	534.2	**50.9**	66.1
Equity shareholders' funds			**624.5**	648.9	**129.2**	144.4

The notes on pages 81 to 99 form part of these financial statements.

The financial statements of C& J Clark Ltd, registered number 3314066, were approved by the Board of Directors and signed on their behalf on 23rd March 2017.

Mike Shearwood

Consolidated Statement of Changes in Equity
For the Period ended 31st January 2017

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Cash flow hedge reserve £m	Profit and loss account £m	Total equity £m
Balance at 1st February 2015	59.4	0.8	18.1	15.1	20.5	467.7	**589.6**
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	36.0	**36.0**
Other comprehensive income	–	–	–	–	(7.2)	77.0	**69.8**
Total comprehensive income for the period	–	–	–	–	(7.2)	113.0	**105.8**
Transactions with owners, recorded directly in equity							
Equity-settled share based payment transactions	–	–	–	–	–	0.3	**0.3**
Dividends	–	–	–	–	–	(42.5)	**(42.5)**
Share buyback	(0.3)	–	0.3	–	–	(4.3)	**(4.3)**
Total contributions by and distributions to owners	(0.3)	–	0.3	–	–	(46.5)	**(46.5)**
Balance at 31st January 2016	**59.1**	**0.8**	**18.4**	**15.1**	**21.3**	**534.2**	**648.9**

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Merger reserve £m	Cash flow hedge reserve £m	Profit and loss account £m	Total equity £m
Balance at 1st February 2016	59.1	0.8	18.4	15.1	21.3	534.2	**648.9**
Total comprehensive income for the period							
Profit for the period	–	–	–	–	–	24.5	**24.5**
Other comprehensive income	–	–	–	–	(25.8)	(6.9)	**(32.7)**
Total comprehensive income for the period	–	–	–	–	(25.8)	17.6	**(8.2)**
Transactions with owners, recorded directly in equity							
Equity-settled share based payment transactions	–	–	–	–	–	0.3	**0.3**
Dividends	–	–	–	–	–	(16.5)	**(16.5)**
Share Buyback	–	–	–	–	–	–	**-**
Total contributions by and distributions to owners	–	–	–	–	–	(16.2)	**(16.2)**
Balance at 31st January 2017	**59.1**	**0.8**	**18.4**	**15.1**	**(4.5)**	**535.6**	**624.5**

Company Statement of Changes in Equity
For the Period ended 31st January 2017

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total equity £m
Balance at 1st February 2015	59.4	0.8	18.1	86.6	**164.9**
Total comprehensive income for the period					
Profit for the period	–	–	–	26.0	**26.0**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income for the period	–	–	–	26.0	**26.0**
Transactions with owners, recorded directly in equity					
Equity-settled share based payment transactions	–	–	–	0.3	**0.3**
Dividends	–	–	–	(42.5)	**(42.5)**
Share buyback	(0.3)	–	0.3	(4.3)	**(4.3)**
Total contributions by and distributions to owners	(0.3)	–	0.3	(46.5)	**(46.5)**
Balance at 31st January 2016	**59.1**	**0.8**	**18.4**	**66.1**	**144.4**

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total equity £m
Balance at 1st February 2016	59.1	0.8	18.4	66.1	**144.4**
Total comprehensive income for the period					
Profit for the period	–	–	–	1.0	**1.0**
Other comprehensive income	–	–	–	–	**–**
Total comprehensive income for the period	–	–	–	1.0	**1.0**
Transactions with owners, recorded directly in equity					
Equity-settled share based payment transactions	–	–	–	0.3	**0.3**
Dividends	–	–	–	(16.5)	**(16.5)**
Share Buyback	–	–	–	–	**–**
Total contributions by and distributions to owners	–	–	–	(16.2)	**(16.2)**
Balance at 31st January 2017	**59.1**	**0.8**	**18.4**	**50.9**	**129.2**

Consolidated Statement of Cash Flow
For the period ended 31st January 2017

	Notes	2017 £m	2016 £m
Net cash flows from operating activities	19	**117.1**	(24.1)
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		–	5.3
Acquisition of tangible fixed assets		**(41.1)**	(52.8)
Net cash from investing activities		**(41.1)**	(47.5)
Cash flows from financing activities			
(Decrease)/Increase in bank loans	20	**(11.0)**	76.8
Dividends paid	5	**(16.5)**	(42.5)
Share buyback		–	(4.3)
Net cash from financing activities		**(27.5)**	30.0
Net increase/(decrease) in cash and cash equivalents		**48.5**	(41.6)
Cash and cash equivalents at 1st February		**(31.1)**	8.6
Effect of exchange rate fluctuations on opening cash held	20	**1.8**	1.9
Cash and cash equivalents at 31st January	20	**19.2**	(31.1)
Reconciliation of net cash flow to movement in net borrowings			
Opening net borrowings	20	**(183.3)**	(66.8)
Net increase/(decrease) in cash and cash equivalents		**48.5**	(41.6)
Currency translation adjustments on opening cash held and bank loans	19	**(9.9)**	1.9
Decrease/(Increase) in bank loans	20	**11.0**	(76.8)
Closing net borrowings	20	**(133.7)**	(183.3)

ACCOUNTING POLICIES

Statement of Compliance
C&J Clark Limited (the "Company") is a company limited by shares and incorporated and domiciled in England. The registered office is 40 High Street, Street, Somerset. BA16 0EQ.

These financial statements were prepared in accordance with Financial Reporting Standard 102 (FRS 102) applicable in the UK and Republic of Ireland.

Basis of Presentation
The financial statements are prepared on the historical cost basis except that derivative financial instruments and financial instruments classified at fair value through the Income Statement are stated at their fair value.

All amounts in the financial statements are in GBP and rounded to the nearest £million.

The financial statements for the Company and all material subsidiaries are drawn up to the nearest Saturday to the 31st January, in line with retail industry practice. The year to 31st January 2017 constitutes a 52 week period (2016 – 52 week period).

These financial statements have been prepared under the going concern basis.

Basis of consolidation
The Group financial statements consolidate the financial statements of C&J Clark Limited and all its subsidiary undertakings drawn up to 31st January each year. No income statement is presented for C&J Clark Limited as permitted by section 408 of the Companies Act 2006.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemption available under FRS 102 in respect of certain disclosures for parent company financial statements have been applied:

- No separate parent company Statement of Cash flow with related notes is included.

Entities in which the group holds an interest and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets

and liabilities as at the year end date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Operating lease commitments
The Group has entered leases as a lessee from which it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

The following are the Groups key sources of estimation uncertainty:

Pension and other post-employment benefits
The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 16.

Taxation
The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Foreign currency
Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to Other Comprehensive Income (OCI).

Exchange differences arising on the retranslation of the opening net assets of overseas subsidiaries, less exchange differences arising on related foreign currency borrowings, are taken to reserves and disclosed in OCI.

Basic financial instruments
Trade and other debtors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors
Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in subsidiaries, jointly controlled entities and associates
These are separate financial statements of the company. Investments in subsidiaries and jointly controlled entities are carried at cost less impairment

Interest-bearing borrowings classified as basic financial instruments
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and bank overdrafts that are repayable on demand. These form an integral part of the Group's cash management.

Other financial instruments
Derivative financial instruments and hedging
Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges
Where the hedged risk is the cash flow risk in a firm commitment or a highly probable forecast transaction, the Group recognises the effective part of any gain or loss on the derivative financial instrument in OCI. Any ineffective portion of the hedge is recognised immediately in the income statement.

The hedging gain or loss recognised in OCI is reclassified to the Income Statement when the hedged item is recognised or when the hedging relationship ends.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

The Group assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated.

The estimated useful lives are 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

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

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

Intangible assets
Trademarks are stated at purchase cost, less amortisation and accumulated impairment losses.

When a franchisee enters into an agreement with the Group to operate an international franchise store, under the terms of the agreement the Group 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.

Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Trade marks	20 years
Franchise Licence	Over the length of the agreement which is 5 years

Goodwill
Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Inventory
Inventory is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventory, production or conversion costs and other costs in bringing them to their existing location and condition.

Employee benefits
Defined contribution plans and other long term employee benefits
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement in the periods during which services are rendered by employees.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated

separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the year end date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Group obligations. A valuation is performed by a qualified actuary using the projected unit credit method. The Group recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the income statement in the period in which it occurs.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income.

Share-based payment transactions
The Group operates a 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 the share based payment standard. Under the standard the matching shares qualify as equity-settled share-based payments to be recognised 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 share is five years. This has resulted in a current year charge of £0.3m (2016 – £0.3m).

Provisions
A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Turnover
Sales during 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 sales of property are recognised on completion, unless the exchange of contracts is unconditional in which case the profit is recognised at that stage. Rental income is accounted for on a receivable basis.

Expenses
Operating lease
Payments (excluding costs for services and insurance) made under operating leases are recognised in the income statement as incurred. Lease incentives received are recognised in the income statement over the term of the lease.

Net finance costs
Interest payable and similar charges include interest payable and finance leases recognised in the income statement using the effective interest method, and net foreign exchange losses that are recognised in the income statement.
Interest income is recognised in the income statement as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the year end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

In these notes to the financial statements, the headings '2017' refer to the year ended 31st January 2017 or the statement of financial position as at 31st January 2017 and the headings '2016' refer to the year ended 31st January 2016 or the statement of financial position as at 31st January 2016.

1. Analysis of turnover and profit

a) Analysis of profit by ultimate geographical market

	2017 £m	2016 £m Restated
UK & ROI	**93.1**	94.4
Americas	**57.3**	56.6
Europe	**33.2**	38.9
Asia Pacific	**42.1**	41.0
Group Items	**(186.6)**	(185.1)
Group operating profit	**39.1**	45.8
Asia Pacific - share of loss of Joint Venture	**(1.4)**	(0.6)
Profit before interest and tax	**37.7**	45.2

Comparatives in the table above have been restated to reflect the new regional structure.

b) Analysis of turnover

	Turnover by ultimate geographical market 2017 £m	Turnover by ultimate geographical market 2016 £m	Turnover by geographical area of origin 2017 £m	Turnover by geographical area of origin 2016 £m
UK & ROI	**632.3**	654.4	**722.2**	790.2
Americas	**654.5**	568.3	**677.2**	568.3
Europe	**152.4**	143.4	**81.1**	63.6
Asia Pacific	**180.6**	167.7	**139.3**	111.7
Group Items	**34.9**	(0.2)	**34.9**	(0.2)
Group turnover	**1,654.7**	1,533.6	**1,654.7**	1,533.6
Asia Pacific - share of Joint Venture turnover	**7.1**	6.4	**7.1**	6.4
Turnover	**1,661.8**	1,540.0	**1,661.8**	1,540.0

c) Reconciliation of capital employed and net assets

	2017 £m	2016 £m
Capital employed	**697.7**	762.7
Net borrowings – (see note 20)	**(133.7)**	(183.3)
Deferred taxation – (see note 15)	**37.6**	3.5
Pension asset – (see note 16)	**28.4**	47.8
Financial derivatives	**(5.5)**	18.2
Net assets	**624.5**	648.9

1. Analysis of turnover and profit (continued)

d) Reconciliation of Group operating profit and underlying Group operating profit

	2017 £m	2016 £m
Group operating profit	**39.1**	45.8
Foreign exchange movements	**(9.6)**	(0.2)
Non underlying items	**35.6**	18.7
Joint venture trading elimination	**(1.4)**	(0.5)
Underlying Group operating profit	**63.7**	63.8

2. Group operating profit and costs

a) Costs less other income

	Total 2017 £m	Total 2016 £m
Turnover	**1,654.7**	1,533.6
Cost of sales	**(943.0)**	(846.9)
Gross profit	**711.7**	686.7
Distribution costs	**(486.6)**	(458.0)
Administrative costs	**(186.0)**	(182.9)
Group operating profit	**39.1**	45.8

Administrative expenses include the cost of long-term incentive schemes as follows:

	2017 £m	2016 £m
Long-term Incentive Plan release	**–**	4.0
	–	4.0

These schemes are detailed in the Remuneration Report on pages 51 to 57.

2. Group operating profit and costs (continued)

b) Other costs charged in arriving at operating profit include:

	2017 £m	2016 £m
Depreciation and impairments of owned assets (see note 8)	**52.3**	39.1
Amortisation of intangible assets (see note 7)	**0.1**	-
Auditor's remuneration		
Audit of Group financial statements	**0.3**	0.2
Audit of subsidiaries financial statements	**0.4**	0.4
Other services relating to taxation	**0.1**	0.2
Other services	**0.9**	0.1
Operating lease rentals		
Land and buildings - Fixed	**99.9**	90.5
Land and buildings - Variable	**16.7**	16.4
Plant and equipment	**1.3**	1.5
Operating lease rental income		
Land and buildings	**(1.7)**	(1.9)
Share-based payment		
Equity-settled	**0.3**	0.3

Parent Company audit fees were paid by a subsidiary undertaking in both years.

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

	2017 Number	2016 Number
Sales and distribution	**13,123**	13,536
Administration	**1,713**	1,843
	14,836	15,379

The average number of employees has been calculated on a monthly weighted average. The total number of employees at the year end was 13,828 (2016 – 14,239).

d) Employment costs in respect of the foregoing:

	2017 £m	2016 £m
Wages and salaries	**257.4**	235.9
Social security costs	**31.3**	30.4
Pension current service cost – defined benefit scheme (see note 16)	**11.8**	12.5
Pension contributions – defined contribution scheme (see note 16)	**2.4**	2.3
Long-term incentive schemes – (see note 2(a))	**–**	(4.0)
	302.9	277.1

Included within wages and salaries are £16.7m of costs relating to the re-organisation.

2. Group operating profit and costs (continued)

e) Aggregate emoluments of the Directors

	2017 £m	2016 £m
Non-Executive Directors' fees and benefits	**1.3**	0.7
Executive Directors' services		
Salaries and benefits	**0.2**	1.4
Compensation for loss of office	**–**	1.6
Long-term incentives	**–**	(0.4)
Pension paid to past directors	**0.1**	(0.4)
	1.6	2.9

More detailed information concerning Directors' share entitlements and emoluments, including long-term incentive schemes, is shown in the Remuneration Report on pages 51 to 57.

f) Share of operating loss in Joint Venture

	2017 £m	2016 £m
Share of operating loss of Indian Joint Venture, Clarks Future Footwear Limited	**(1.4)**	(0.6)
	(1.4)	(0.6)

Share of operating loss in the Joint Venture represents 50% of the results of Clarks Future Footwear Limited. Clarks Future Footwear Limited began trading in April 2011.

3. Net finance costs

	Total 2017 £m	Total 2016 £m
Interest payable on bank loans and overdrafts	**7.1**	4.3
Net interest cost on assets and liabilities of pension scheme (see note 16)	**(1.7)**	1.3
Unwind discount on provisions	**1.7**	1.3
Fair Value of non-hedge accounted derivatives	**10.0**	3.1
Group	**17.1**	10.0
Indian Joint Venture	**0.7**	0.2
	17.8	10.2

4. Taxation on profit on ordinary activities

a) Analysis of charge in the year:

	Total 2017 £m	Total 2016 £m
Current taxation:		
UK taxation		
UK corporation tax at 20.0% (2016 - 20.2%)	**9.0**	6.5
Adjustments in respect of prior years	**(1.1)**	–
Total UK taxation	**7.9**	6.5
Overseas taxation		
Current taxation on income for the year	**5.7**	5.1
Adjustments in respect of prior years	**0.6**	(1.8)
Total overseas taxation	**6.3**	3.3
Total current taxation	**14.2**	9.8
Movement in deferred taxation		
Effective change in tax rate	**0.1**	(1.1)
Adjustment in respect of prior years	**(2.1)**	1.2
Other origination and reversal of timing differences	**(16.8)**	(10.9)
Total deferred taxation (see note 15)	**(18.8)**	(10.8)
Taxation on profit on activities	**(4.6)**	(1.0)

	2017 Current Tax £m	2017 Deferred Tax £m	2017 Total Tax £m	2016 Current Tax £m	2016 Deferred Tax £m	2016 Total Tax £m
Recognised in Income Statement	**14.2**	**(18.8)**	**(4.6)**	9.8	(10.8)	(1.0)
Recognised in other comprehensive income	–	**(10.6)**	**(10.6)**	–	16.8	16.8
Total tax	14.2	**(29.4)**	**(15.2)**	9.8	6.0	15.8

b) Factors affecting tax charge: The taxation assessed for the year is higher than the standard rate of corporation tax in the UK which is 20.0% (2016 - 20.2%). The differences are explained below:

	2017 £m	2016 £m
Profit on ordinary activities before taxation	**19.9**	35.0
At standard rate of corporation tax in the UK	**4.0**	7.1
Higher taxation rates on overseas earnings	**(8.1)**	(6.6)
Depreciation on items not qualifying for capital allowances	**0.4**	0.4
Overseas taxation losses	**–**	0.1
Adjustments in respect of prior years	**(2.6)**	(0.6)
Other	**1.7**	(1.4)
Total tax (see note 4 (a))	**(4.6)**	(1.0)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6th September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset and liabilities at 31st January 2017 have been calculated based on these rates.

5. Dividends paid

	Total 2017 £m	Total 2016 £m
Equity dividends paid in the year		
Final ordinary share dividend for the year ended 31st January 2016 of 21.0p (2016 - 35.0p)	**12.4**	20.8
Interim ordinary share dividend for the year ended 31st January 2017 of 7.0p (2016 - 11.5p)	**4.1**	6.8
Ordinary dividends paid	**16.5**	27.6
Special dividend for the year ended 31st January 2017 of nil (2016 - 25.0p)	**–**	14.9
Total dividends paid	**16.5**	42.5

The second interm ordinary share dividend proposed for the year ended 31st January 2017 is 14.0p per share (2016 - 21.0p).

6. Earnings per ordinary share

Basic earnings per ordinary share have been calculated by dividing the profit after taxation of £24.5m (2016 – £36.0m) by the weighted average number of ordinary shares in issue during the year of 59,066,397 (2016 – 59,342,107)

Adjusted earnings per ordinary share have been calculated by dividing the adjusted profit after taxation of £32.5m (2016 – £38.6m) by the weighted average number of ordinary shares in issue during the year of 59,066,397 (2016 – 59,342,107)

7. Fixed assets - Intangible assets

	Goodwill	Trademark £m	Total £m
Cost or valuation			
At 1st February 2016	–	0.7	0.7
Capital expenditure	–	–	–
Disposals	–	–	–
Impairment	–	–	–
At 31st January 2017		**0.7**	**0.7**
Amortisation			
At 1st February 2016	–	0.2	0.2
Charge for the year	–	0.1	0.1
Disposals	–	–	–
At 31st January 2017		**0.3**	**0.3**
Net book value			
At 31st January 2017	**–**	**0.4**	**0.5**
At 1st February 2016	–	0.5	0.5

The trademark relates to the Clarks brand name in Brazil.

On 12th August 2013 C&J Clark Overseas Limited acquired 100% of the share capital of EFA Ticaret ve Pazarlama A.S, a company incorporated in Turkey. The acquisition resulted in goodwill of £0.7m being recognised in the group accounts. There were no fair value adjustments to book values on acquisition. The goodwill was fully impaired in the year ending January 2016.

8. Fixed assets - Tangible assets

	Land and buildings £m	Plant and equipment £m	Total £m
Cost or valuation			
At 1st February 2016	162.2	494.8	657.0
Exchange rate adjustments	12.7	21.8	34.5
Capital expenditure	14.0	27.8	41.8
Reclassification	–	–	–
Disposals	(15.5)	(39.8)	(55.3)
At 31st January 2017	**173.4**	**504.6**	**678.0**
Depreciation			
At 1st February 2016	55.4	241.7	297.1
Exchange rate adjustments	4.7	9.0	13.7
Charge for the year	8.8	40.0	48.8
Impairment	–	3.5	3.5
Reclassification	(0.8)	0.8	–
Disposals	(15.4)	(30.8)	(46.2)
At 31st January 2017	**52.7**	**264.2**	**316.9**
Net book value			
At 31st January 2017	**120.7**	**240.4**	**361.1**
At 1st February 2016	106.8	253.1	359.9

Impairment loss and subsequent reversal

During the year impairment losses of £1.5m have been subsequently reversed within administrative expenses in the consolidated Income Statement as a result of retail stores previously impaired returning to profitability. Additional impairment of £5.0m has been recorded within administrative expenses as a result of new retail stores becoming impaired.

Land and Buildings

The net book value of land and buildings comprises:

	2017 £m	2016 £m
Freehold	**88.6**	74.7
Long leasehold	**2.5**	2.5
Short leasehold	**29.6**	29.6
	120.7	106.8

9. Fixed assets - Investments

	Shares in subsidiary undertakings 2017 £m	Shares in subsidiary undertakings 2016
Net book values at 1st February	**79.7**	79.4
Addition in net assets	**0.3**	0.3
Disposals	**–**	–
Net book values at 31st January	**80.0**	79.7

10. Inventory

	2017 £m	2016 £m
Finished goods and goods held for resale	**455.1**	485.5
	455.1	485.5

Included within inventory in 2017 are inventory provisions of £7.0m (2016 – £21.4m.)

11. Debtors

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Trade debtors	**121.8**	107.5	**0.3**	1.0
Amounts owed to Group Undertakings	**–**	–	**344.2**	281.8
Amounts owed to Joint Venture Undertakings	**2.4**	2.6	**–**	–
Prepayments and accrued income	**29.6**	29.8	**–**	–
Other debtors	**13.2**	17.7	**–**	–
Financial derivatives	**20.7**	31.9	**–**	–
	187.7	189.5	**344.5**	282.8

12. Creditors - amounts falling due within one year

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Bank loans and overdrafts	**69.9**	77.1	**60.5**	53.4
Trade creditors	**169.4**	150.6	**–**	–
Amounts owed by other Group undertakings	**–**	–	**91.9**	10.3
Current taxation	**6.4**	2.7	**–**	–
Social security	**2.9**	3.7	**–**	–
Other creditors	**20.4**	13.0	**–**	–
Accruals and deferred income	**49.0**	26.9	**1.8**	0.4
Financial derivatives	**20.3**	13.0	**3.9**	9.3
	338.3	287.0	**158.1**	73.4

13. Creditors - amounts falling due after more than one year

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Long-term loans	**152.9**	152.2	**152.9**	152.2
Other creditors	**-**	-	**-**	-
Financial derivatives	**2.3**	4.4	**-**	-
	155.2	156.6	**152.9**	152.2

14. Provisions for liabilities and changes

	At 1st February 2016 £m	Exchange rate adjustment £m	Provided in year £m	Unwind discounting £m	Released £m	Utilised £m	At 31st January 2017 £m
Dilapidation provision	0.7	-	0.4	-	-	(0.1)	**1.0**
Onerous lease provision	36.4	1.9	5.9	1.7	(6.3)	(7.5)	**32.1**
Other	5.1	0.2	0.8	-	(0.9)	(0.4)	**4.8**
	42.2	2.1	7.1	1.7	(7.2)	(8.0)	**37.9**

Dilapidation Provision

A provision is recognised for expected costs required to restore leased properties to their original condition. It is expected that these costs will be incurred at the end of the lease agreement.

Onerous lease provision

A provision has been recognised for the lease costs of loss-making leased stores. The provision will be utilised in line with the rental cost profile for each store.

15. Deferred Taxation

	Group assets 2017 £m	Group assets 2016 £m	Group liabilities 2017 £m	Group liabilities 2016 £m	Group net 2017 £m	Group net 2016 £m
Accelerated capital allowances	**(28.0)**	(24.6)	**(3.7)**	(5.7)	**(31.7)**	(30.3)
Holdover relief	**-**	-	**(4.2)**	(4.4)	**(4.2)**	(4.4)
Pension fair value and timing differences	**11.8**	10.1	**(10.2)**	(13.5)	**1.6**	(3.4)
Liquidation of LIFO inventory reserves	**2.2**	(8.3)	**-**	-	**2.2**	(8.3)
Overseas trading losses	**59.1**	31.5	**-**	-	**59.1**	31.5
Short-term timing differences	**9.3**	23.8	**1.3**	(5.4)	**10.6**	18.4
	54.4	32.5	**(16.8)**	(29.0)	**37.6**	3.5

	Group £m
Provision at 1st February 2016	3.5
Exchange rate adjustment	4.7
Deferred taxation charge in other comprehensive income (see note 4(a))	10.6
Deferred taxation charge in the profit and loss account for the year (see note 4(a))	18.8
Provision at 31st January 2017	**37.6**

Deferred tax assets of £6.9m (2016 – £6.8m) have not been provided for on the basis that the Directors do not assess them as being recoverable in the foreseeable future. The components of the unprovided deferred tax asset are unutilised German and Australian losses.

16. Retirement Benefits

The Group operates two defined benefit schemes in the UK; 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 2014 and an actuarial report of the Scheme was carried out at 5 April 2015. These were updated to 31st January 2017 by a qualified independent actuary. The Group operates a single defined benefit scheme in the USA; the C&J Clark Company Pension Plan (the Plan). A full actuarial valuation of the Plan was carried out at 1st January 2015 and updated to 31st January 2017 by a qualified independent actuary.

	Group 2017 £m	Group 2016 £m
Change in benefit obligation for defined benefit sections		
Benefit obligation at the beginning of the year	**1,021.8**	1,149.7
Current service cost	**11.8**	12.5
Administration costs	**2.1**	2.0
Interest cost	**37.4**	33.6
Plan participants' contributions	**0.5**	0.6
Past service costs	**0.4**	0.1
Actuarial loss/(gain)	**156.3**	(136.1)
Benefits paid	**(52.5)**	(48.0)
Exchange rate adjustment on US scheme	**14.8**	7.4
Benefit obligation at the end of the year	**1,192.6**	1,021.8
Analysis of benefit obligation for defined benefit sections		
Plans that are wholly or partly funded	**1,192.3**	1,021.5
Plans that are wholly unfunded	**0.3**	0.3
Total	**1,192.6**	1,021.8
Change in plan assets for defined benefit sections		
Fair value of plan assets at the beginning of the year	**1,070.4**	1,098.1
Expected return on plan assets	**39.1**	32.2
Actuarial gain/(loss)	**136.3**	(44.1)
Transfer from defined contribution section of the Fund	**0.0**	(0.2)
Employer contribution	**17.4**	26.4
Member contributions	**0.5**	0.6
Benefits paid	**(52.5)**	(48.0)
Administration costs	**(0.3)**	-
Exchange rate adjustment on US scheme	**11.0**	5.4
Fair value of plan assets at the end of the year	**1,221.9**	1,070.4
Funded status	**29.3**	48.6
Unrecognised past service cost (benefit)	**-**	-
Net amount recognised	**29.3**	48.6

In addition, the value of the assets and liabilities held in the defined contribution section of the UK Fund amounted to £32.8m as at 31st January 2017 (2016 - £27.7m) and the value of assets and liabilities held in the defined contribution section of the UK Scheme amounted to £22.1m as at 31st January 2017 (2016 - £15.7m). Defined contribution schemes in the US held assets of £58.7m as at 31st January 2017 (2016 - £45.7m).

16. Retirement Benefits (continued)

	Group 2017 £m	Group 2016 £m
Components of pension cost		
Current service cost - defined benefit scheme	**11.8**	12.5
Administration costs	**2.4**	2.2
Contribution - defined contribution scheme	**2.4**	2.3
Interest cost	**37.4**	33.5
Expected return on plan assets	**(39.1)**	(32.2)
Past service costs	**0.4**	0.1
Total pension cost recognised in the Profit and Loss Account	**15.3**	18.4
Actuarial (losses)/gains immediately recognised	**(20.0)**	91.9
Total pension cost recognised in other comprehensive income	**(20.0)**	91.9
Cumulative amount of actuarial losses immediately recognised since 1 February 2005	**10.1**	19.5

	Group 2017 £m	Group 2016 £m
Movement in surplus during the year		
Surplus in the scheme at the beginning of the year	**48.6**	(51.6)
Current service cost	**(11.8)**	(12.5)
Administration costs	**(2.4)**	(2.2)
Contributions	**17.4**	26.4
Past service costs/curtailments	**(0.4)**	(0.1)
Net return/(interest cost) on assets	**1.7**	(1.3)
Actuarial loss	**(20.0)**	91.9
Exchange rate adjustment on US scheme	**(3.8)**	(2.0)
Surplus in the scheme at the end of the year	**29.3**	48.6
Unfunded unapproved retirement benefit scheme	**(0.9)**	(0.8)
Pension asset at the end of the year	**28.4**	47.8

16. Retirement Benefits (continued)

Plan assets

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

Asset category	UK plan assets 2017 %	UK plan assets 2016 %	North America plan assets 2017 %	North America plan assets 2016 %
Equities	**24.5**	22.5	**31.2**	29.4
Bonds	**72.4**	77.1	**68.8**	70.6
Real estate	**2.7**	–	–	–
Cash	**0.4**	0.4	–	–
	100.0	100.0	**100.0**	100.0

Amounts included in the fair value of assets for:				
Financial instruments	–	–	–	–
Property occupied or other assets used	–	–	–	–

	Group 2017 £m	Group 2016 £m
Actual return on plan assets	**175.4**	(37.1)

Weighted average assumptions used to determine benefit obligations		UK 2017 %	UK 2016 %	North America 2017 %	North America 2016 %
Discount rate		**2.85**	3.65	**4.00**	4.25
Rate of increase in salaries	Senior Executives	**3.95**	4.45	**3.50**	3.50
	Others	**3.45**	3.95	**3.50**	3.50
Rate of increase in pensions in payment	Fund	**3.30**	2.90	**n/a**	n/a
	Scheme	**1.90**	1.80	**n/a**	n/a
Rate of increase in pensions in deferment		**2.45**	1.95	**n/a**	n/a
Inflation assumption		**3.30**	2.90	**2.50**	2.50

Weighted average assumptions used to determine net pension cost for the year end		UK 2017 %	UK 2016 %	North America 2017 %	North America 2016 %
Discount rate		**3.65**	2.90	**4.25**	3.75
Expected long-term return on plan assets		**3.65**	2.90	**4.25**	3.75
Rate of increase in salaries	Senior Executives	**4.45**	4.25	**3.50**	4.00
	Others	**3.95**	3.75	**3.50**	4.00
Rate of increase in pensions in payment	Fund	**2.90**	2.70	**n/a**	n/a
	Scheme	**1.80**	1.75	**n/a**	n/a
Rate of increase in pensions in deferment		**1.95**	1.75	**n/a**	n/a
Inflation assumption		**2.90**	2.70	**2.50**	2.50

16. Retirement Benefits (continued)

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

		UK 2017 %	UK 2016 %	**North America 2017 %**	North America 2016 %
Member age 65 (current life expectancy)	Male	**22.9**	23.2	**22.0**	22.0
	Female	**24.2**	23.7	**24.3**	24.2
Member age 45 (life expectancy at age 65)	Male	**23.1**	24.9	**23.4**	23.3
	Female	**25.3**	25.3	**25.6**	25.5

Five year history

	UK 2017 £m	UK 2016 £m	UK 2015 £m	UK 2014 £m	UK 2013 £m
Benefit obligation at the end of the year	**(1,059.3)**	(910.5)	(1,030.5)	(903.8)	(870.5)
Fair value of plan assets at the end of the year	**1,119.4**	985.4	1008.3	817.5	790.4
Surplus/(Deficit) in the scheme	**60.1**	74.9	(22.2)	(86.3)	(80.1)

	North America 2017	North America 2016	North America 2015	North America 2014	North America 2013
Benefit obligation at the end of the year	**(133.3)**	(111.3)	(119.2)	(91.1)	(95.9)
Fair value of plan assets at the end of the year	**102.5**	85.0	89.8	72.8	69.4
Surplus/(Deficit) in the scheme	**(30.8)**	(26.3)	(29.4)	(18.3)	(26.5)

	Group 2017 £m	Group 2016 £m	Group 2015 £m	Group 2014 £m	Group 2013 £m
Benefit obligation at the end of the year	**(1,192.6)**	(1,021.8)	(1,149.7)	(994.9)	(966.4)
Fair value of plan assets at the end of the year	**1,221.9**	1,070.4	1,098.1	890.3	859.8
Surplus/(Deficit) in the scheme	**29.3**	48.6	(51.6)	(104.6)	(106.6)
Actual return less expected return on scheme assets	**136.3**	(69.3)	137.9	(0.3)	32.9
Percentage of year-end scheme assets	**11.2%**	(6.5%)	12.6%	(0.0%)	3.8%
Experience (losses)/gains arising on scheme liabilities	**(156.3)**	(132.3)	(139.0)	(16.4)	(46.7)
Percentage of year-end scheme liabilities	**(13.1%)**	(12.9%)	(12.1%)	(1.6%)	(4.8%)

Contributions

Under the current schedule of contributions, the Group expects to make contributions towards pension deficits of £16m to the UK schemes in the year ended 31 January 2018.

17. Share capital

	Issued and fully paid 2017 £m	Issued and fully paid 2016 £m
Ordinary shares of £1 each	**59.1**	59.1

18. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares. The capital redemption reserve was originally created in 2003 as a result of an ordinary share buy back.

Merger reserve

The merger reserve of £15.1m (2016 - £15.1m) arises from the adoption of merger accounting in the year ended 31st January 1998 in relation to the Group reconstruction which followed the demerger of the Factory Outlet Centres.

19. Reconciliation of operating profit items to operating cash flows

	Year to 31st January 2017 £m	Year to 31st January 2016 £m
Operating profit before exceptional items	**39.1**	45.8
Depreciation and impairments	**52.3**	39.8
Decrease/(Increase) in stocks	**64.6**	(73.4)
Decrease/(Increase) in debtors	**0.8**	39.5
Increase/(Decrease) in creditors	**37.8**	(17.6)
Decrease in provisions	**(8.1)**	(12.2)
Exchange gains on currency bank accounts and bank loans	**10.0**	1.9
Unrealised exchange gains on assets and liabilities	**(68.1)**	(18.6)
Loss on sale of tangible fixed assets	**9.1**	5.2
Pension deficit funding	**(6.4)**	(16.4)
Difference between pension charge and cash contributions	**3.6**	4.7
Interest Paid	**(7.1)**	(4.4)
Tax Paid	**(10.5)**	(18.4)
Net cash inflow/(outflow) from operating activities	**117.1**	(24.1)

20. Analysis of net borrowings

	At 1st February 2016 £m	Cash flow £m	Translation adjustment £m	**At 31st January 2017 £m**
Cash at bank and in hand	46.0	36.4	6.7	**89.1**
Bank overdrafts	(77.1)	12.1	(4.9)	**(69.9)**
	(31.1)	48.5	1.8	**19.2**
Bank loans	–	-	–	-
Long-term loans	(152.2)	11.0	(11.7)	**(152.9)**
	(183.3)	59.5	(9.9)	**(133.7)**

21. Interest-bearing loans and borrowings

Interest bearing loans and borrowings included within creditors are analysed as follows:

	Group 2017 £m	Group 2016 £m	**Company 2017 £m**	Company 2016 £m
Creditors falling due within one year				
Short term loan	**69.9**	77.1	**60.5**	53.4
	69.9	77.1	**60.5**	53.4
Creditors falling due more than one year				
Revolving credit facility	**152.9**	152.2	**152.9**	152.2
	152.9	152.2	**152.9**	152.2

	Currency	Nominal interest rate	Year of maturity	**Group 2017 £m**	Group 2016 £m
£200m Revolving Credit Facility	GBP	LIBOR plus 0.9-1.7%	2018	**152.9**	152.2
£23.6m Accordion	GBP	LIBOR plus 0.9-1.7%	2017	**-**	-
£40m Bilateral	GBP	LIBOR plus 0.6-1.1%	2017	**40.0**	40.0
$50m Revolving Credit Facility	US Dollar	LIBOR plus 2.5%	2017	**-**	16.6
700m JPY Debt Facility	Japan Yen	0.53%	2017	**4.8**	4.1
400m JPY Debt Facility	Japan Yen	0.93%	2017	**2.8**	2.3
20m TRY Loan Facility	Turkish Lira	14.50%	2017	**2.5**	2.8
				203.0	218.0

Terms are only shown above for the Group's debt facilities and does not include bank overdrafts.

The £200m, $50m RCF and £23.6m Accordion are subject to cross company guarantees within the Group. Further guarantees are provided in relation to the £10m overdraft facility, the multi-currency cash pool and local facilities in Turkey and Poland. These facilities are disclosed within the above financial liabilities.

The Group also provide a guarantee on an Indian Rupee facility of 1.5 billion INR (GBP: £17.6m) for Clarks Future Footwear Limited, a 50% owned joint venture.

22. Financial Instruments and Risk Management

(a) Carrying amount of financial instruments

	Group 2017 £m	Group 2016 £m
Assets measured at fair value through profit or loss		
Swaps and Options	–	0.9
Assets measured at fair value through cash flow hedge reserve		
Forward exchange contracts	**20.9**	34.9
Assets measured at amortised cost		
Other debtors	**167.0**	157.6
Liabilities measured at fair value through profit or loss		
Swaps and Options	**(3.9)**	(9.4)
Liabilities measured at fair value through cash flow hedge reserve		
Forward exchange contracts	**(22.6)**	(8.1)
Liabilities measured at amortised cost		
Bank overdraft	**(69.9)**	(77.1)
Long term loans	**(152.9)**	(152.2)
Other creditors	**(248.1)**	(196.9)

During the year £35.5m of gains (2016 - £34.6m gain) were recycled from the cash flow hedge reserve to the Income Statement. The change in the fair value of financial instruments recognised through the cash flow hedge reserve in the year was a gain of £2.9m (2016 - £25.2m gain.)

(b) Financial instruments measured at fair value

Derivative financial instruments

The Group does not engage in foreign currency speculation but covers its future trading requirements through use of forward exchange contracts and options. Due to short-term fluctuations in exchange rates, the year end rates will always be different from contract rates.

Forward Exchange Contracts

The fair value of forward exchange contracts is based on their market price on the relevant date. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Options

The fair value of option contracts is based on their market price on the relevant date.

Interest Rate Swaps

The fair value of interest rate swaps is based on market prices. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

22. Financial Instruments and Risk Management (continued)

(c) Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur:

	1 year or less 2017 £m	1 to<2 years 2017 £m	2 to<5 years 2017 £m	5 years and over 2017 £m	Carrying amount £m	1 year or less 2016 £m	1 to<2 years 2016 £m	2 to<5 years 2016 £m	5 years and over 2016 £m	Expected cash flows £m
Forward exchange contracts										
Assets	**325.4**	**29.8**	**–**	**–**	**355.2**	364.1	46.4	–	–	410.5
Liabilities	**(168.7)**	**(61.1)**	**–**	**–**	**(229.8)**	(115.8)	(112.2)	–	–	(228.0)
	156.7	**(31.3)**	**–**	**–**	**125.4**	248.3	(65.8)	–	–	182.5

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to affect profit or loss:

	1 year or less 2017 £m	1 to<2 years 2017 £m	2 to<5 years 2017 £m	5 years and over 2017 £m	Carrying amount £m	1 year or less 2016 £m	1 to<2 years 2016 £m	2 to<5 years 2016 £m	5 years and over 2016 £m	Expected cash flows £m
Forward exchange contracts										
Assets	**384.0**	**60.5**	**–**	**–**	**444.5**	391.8	103.8	–	–	495.6
Liabilities	**(152.1)**	**(77.7)**	**–**	**–**	**(229.8)**	(115.8)	(112.2)	–	–	(228.0)
	231.9	**(17.2)**	**–**	**–**	**214.7**	276.0	(8.4)	–	–	267.6

The Group's treasury management policies are outlined in the Chief Financial Officer's review on pages 30 and 33.

d) Currency profile and interest rates

	Gross borrowings 2017 £m	Cash at bank and in hand 2017 £m	Net (cash) / borrowings 2017 £m	Gross borrowings 2016 £m	Cash at bank and in hand 2016 £m	Net (cash) / borrowings 2016 £m
Currency:						
Sterling	**61.5**	**(52.1)**	**9.4**	40.2	(64.8)	(24.6)
US dollar year	**1.0**	**(26.6)**	**(25.6)**	27.4	10.9	38.3
Euro	**–**	**42.2**	**42.2**	–	26.7	26.7
Other	**7.4**	**(52.6)**	**(45.2)**	9.5	(18.8)	(9.3)
	69.9	**(89.1)**	**(19.2)**	77.1	(46.0)	31.1
Borrowings for hedging purposes:						
Sterling	**–**	**–**	**–**	59.4	–	59.4
US Dollar liabilities	**149.4**	**–**	**149.4**	89.9	–	89.9
Japanese Yen	**3.5**		**3.5**	2.9	–	2.9
	152.9	**–**	**152.9**	152.2	–	152.2
	222.8	**(89.1)**	**133.7**	229.3	(46.0)	183.3

22. Financial Instruments and Risk Management (continued)

The Group's entire net borrowing facilities amounting to £326.6m (2016 - £297.7m) are available at floating rates. These include the Revolving Credit Facility of £200.0m (2016 - £200.0m), the Accordion of £23.6m (2016-nil) and overdraft or other borrowing facilities in the UK and overseas totalling £103.0m (2016 - £97.7m). Under the Revolving Credit Facility interest rates are based upon LIBOR appropriate to the tenor of the loan. The interest rates on facilities in the UK are based on the UK base rate for sterling borrowings and the relevant LIBOR rate for currency borrowings. The interest rates on short term facilities in the USA and Japan are based on local rates.

The maturity of the Group's gross borrowings at 31st January was as follows:

	2017 £m	2016 £m
In one year or less or on demand	**69.9**	77.1
In more than one year but not more than two years	**152.9**	–
In more than two years but not more than five years	–	152.2
	222.8	229.3

At 31st January the Group had the following undrawn net committed borrowing facilities available:

	2017 £m	2016 £m
Expiring in one year	**76.0**	31.7
Expiring in more than one year but not more than two years	**47.1**	–
Expiring in more than two years but not more than five years	–	47.8
	123.1	79.5

23. Financial commitment

Commitments by the Group for capital expenditure not provided in the financial statements are:

	2017 £m	2016 £m
Contracted but not provided for	**1.8**	10.1

Annual commitments by the Group in respect of non-cancellable operating leases are:

	Land and buildings 2017 £m	Land and buildings 2016 £m	Plant and equipment 2017 £m	Plant and equipment 2016 £m
Expiring within one year	**101.6**	97.9	**1.5**	1.5
Expiring between two and five years	**300.6**	272.4	**1.5**	2.4
Expiring after five years	**170.7**	193.2	**–**	–
	572.9	563.5	**3.0**	3.9

24. Related party transactions

Control

The Group holding company is C&J Clark Limited. As indicated in the Directors' report on pages 63 to 65, family members hold 84.6% of the Company's ordinary shares.

Transactions with directors and officers

There were no transactions with directors and officers during the year other than in relation to their remuneration.

Transactions with senior management

During the year salaries and social security costs of £1.8m was paid relating to senior management (2016 - £2.7m)

Transactions with subsidiaries and joint venture

The Group has taken advantage of the exemptions in respect of transactions with wholly owned subsidiaries. Therefore, transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint venture are disclosed below:

	Sales to related parties 2017 £m	Sales to related parties 2016 £m	Amounts Owed by related parties 2017 £m	Amounts Owed by related parties 2016 £m	Injection of equity funding 2017 £m	Injection of equity funding 2016 £m
Joint Venture	**5.1**	5.1	**2.4**	2.6	**0.5**	–

Sales to related parties consist of footwear.

C&J Clark Limited and Subsidiaries

The following is a full list of all subsidiaries of the Group. All are wholly-owned with the exception of the Joint Venture and are engaged in the shoe trade.

Companies Act 2006 require that the address of the registered office for all undertakings be included in the Annual report.
The registered offices have been cross referenced to the footnote on the following page.

Subsidiaries	Registered office	Country of incorporation	Ordinary shares	%
C & J Clark (No 1) Limited	1	England	£ each	100
C & J Clark (Holdings) Limited	1	England	£ each	100
C & J Clark International Limited (trading as Clarks International)	1	England	£ each	100
C & J Clark Overseas Limited	1	England	£ each	100
C & J Clark Trustee Limited	1	England	£ each	100
C & J Clark (Street) Limited	1	England	£ each	100
Clarks Americas Inc	2	USA	US $ each	100
Clarks Shoes Vertriebs GmbH	3	Germany	€ each	100
C & J Clark Hong Kong Limited	4	Hong Kong	HKD each	100
Clarks India Services Private Limited	5	India	INR each	100
Clarks America Canada Retail Limited	6	Canada	CAD each	100
C & J Clark Latin America Inc	2	USA	US $ each	100
Clarks Dongguan Footwear Services Company Limited	7	China	¥ each	100
C & J Clark Pension Fund Trustees Limited	1	England	£ each	100
Hallco 367 Limited	1	England	£ each	100
C & J Clark America, Inc.	2	USA	US $ each	100
C.J.C Financial Company	2	USA	US $ each	100
C & J Clark Retail Inc	2	USA	US $ each	100
C & J Clark Manufacturing Inc	2	USA	US $ each	100
C & J Clark Canada Limited	6	Canada	CAD each	100
Bostonian Shoe Company of New York	2	USA	US $ each	100
Clarks of England, Inc	2	USA	US $ each	100
Clarks Shoes Benelux BV	8	Holland	€ each	100
Clarks Shoes Handelsgesellschaft m.b.H	9	Austria	€ each	100
C & J Clark China Trading Company Limited	10	China	¥ each	100
C & J Clark Ticaret ve Pazarlama A.S	11	Turkey	TRL each	100
Clarks Shoes Australia PTY	12	Australia	AUD each	100
Clarks Shoes PTY Limited	12	Australia	AUD each	100
Clarks Shoes Australia Superannuation PTY Limited	12	Australia	AUD each	100
Clarks Shoes Limited	13	New Zealand	NZD each	100
C & J Clark (S) Pte Limited	14	Singapore	SGD each	100
C & J Clark Polska Sp.z.o.o	15	Poland	PLN each	100
C&J Clark (M) Sdn Bhd	16	Malayasia	MYR each	100
Clarks Shoes Iberia S.A	17	Spain	€ each	100
Clarks Ireland Sales Limited	18	Ireland	€ each	100
Atlas Shoes Limited		Cyprus	€ each	100
Clarks Japan Company Limited	19	Japan	¥ each	100

C&J Clark Limited and Subsidiaries (continued)

Subsidiaries	Registered office	Country of incorporation	Ordinary shares	%
Clarks Properties Limited	1	England	£ each	100
C & J Clark Retail Properties Limited	1	England	£ each	100
Clarks Retail Properties Limited	1	England	£ each	100
C & J Clark Pension Funds (Trustee) Limited	1	England	£ each	100
K Shoes Contributory Pension Scheme (Trustee) Limited	1	England	£ each	100
K Shoes Limited	1	England	£ each	100
Street Estates Limited	1	England	£ each	100
C & J Clark Investment Properties Limited	1	England	£ each	100
C & J Clark Main Pension Fund (Trustees) Limited	1	England	£ each	100
C & J Clark Senior Exec Pension Scheme (Trustees) Limited	1	England	£ each	100
Clarks Limited	1	England	£ each	100
Warners Limited	1	England	£ each	100

Joint Ventures	Registered office	Country of incorporation	Ordinary shares	%
Clarks Future Footwear Limited	20	India	RUP each	50

Registered offices

1. 40 High Street, Street, Somerset, BA16 0EQ
2. 60 Tower Road, Waltham, Massachusetts, 02451
3. Albstraße 16-18, 72764 Reutlingen, Germany
4. Office 05, 18/F., Hip Kwan Commercial Building, 38 Pitt Street, Yau Ma Tei, Kowloon, Hong Kong
5. TVH Beliciaa Towers, Suite905, 9th Floor, Phase II, MRC Nagar, R.A. Puram, Chennai – 600028, Tamil Nadu, India.
6. 2881 Brighton Road, Oakville, Ontario, L6H 6C9 Canada
7. 3A Heng Zheng Plaza, Station Road North, Yuan Wu Bian, Nancheng District, Dongguan City, Guangdong Province, China
8. Chasseveld 15 f, 4811DH Breda, Holland
9. Moosfeldstrasse 1, 5101 Bergheim bei Salzburg, Austria
10. Room 625, 88 Taigu Road, Waigaoqiao Free Trade Zone, Shanghai, China
11. Halil Rıfat Pasa mah.Teoman sk.Aksu IsMerk. 2/2 PK34384 Okmeydanı, Sisli Istanbul, Turkey
12. 37 Mountain View Road, Balwyn North, VIC 3104, Australia
13. C/O KPMG, 18 Viaduct Harbour Avenue, Maritime Square , Auckland, New Zealand
14. 11 Chang Cham Road, #02-01 Shriro House, Singapore 159640
15. ul. Aleje Jerozolimskie, lokal 56 C, kod 00-803, poczta Warszawa, kraj Poland
16. 38D-2A, Jalan Radin Anum, Bandar Baru Seri Petaling, 57000 Kuala Lumpur, Malaysia
17. Rambla de Catalunya Num. 62, Principal 1 Barcelona 08007, Spain
18. Building 1, Swift Square, Northwood Business Park, Santry, Dublin 9, Ireland
19. 11f, Shin-Aoyama Tokyu Building, 3-11-13 Minami Aoyama, Minato-ku, Tokyo, 107-0062 Japan
20. Future Group, Plot No.82, Sector-32, Gurgaon-122001, Haryana, India

Group Financial Record

	Notes	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Group trading results for the year ended 31st January						
Total Group turnover		1,654.7	1,533.6	1,494.4	1,541.0	1,460.6
Turnover including share of joint venture	1	1,661.8	1,540.0	1,499.8	1,546.6	1,463.9
Group operating profit		39.1	45.8	112.7	128.4	122.3
Profit before interest		37.7	45.2	112.1	127.8	121.6
Net finance costs		(17.8)	(10.2)	(13.3)	(8.0)	(8.0)
Profit before tax		19.9	35.0	98.8	119.8	113.6
Profit after tax		24.5	36.0	80.0	88.7	81.9
Adjusted profit after tax		32.5	38.6	85.3	-	-
Group financial position at 31st January						
Capital employed		697.7	762.7	674.2	665.6	602.9
Net borrowings		(133.7)	(183.3)	(66.8)	(59.7)	(39.3)
Equity shareholders' funds		624.5	648.9	589.6	505.8	471.2
Ratios						
Return on sales	2	2.4%	3.0%	7.5%	8.3%	8.4%
Return on capital employed	3	5.6%	5.9%	16.6%	19.3%	20.3%
Net assets per ordinary share	4	£10.57	£10.99	£9.93	£8.51	£7.93
Net borrowings/equity		21.4%	28.2%	11.3%	11.8%	8.3 %
Basic earnings per ordinary share	5	41.5p	60.7p	134.6p	149.3p	137.8p
Adjusted earnings per share	9	55.0p	65.0p	143.5p	–	–
Dividends declared during the year per ordinary share excluding special dividend		21.0p	32.5p	46.5p	44.0p	40.0p
Dividends paid during the year per ordinary share excluding special dividend	6	28.0p	46.5p	44.5p	41.0p	37.5p
Dividends paid during the year per ordinary share	6	28.0p	71.5p	44.5p	41.0p	37.5p
Dividend cover on a declared basis excluding special dividend	7	2.0	1.9	2.9	3.4	3.4
Dividend cover on a paid basis excluding special dividend	7	1.5	1.3	3.0	3.6	3.7
Interest cover	8	4.8	6.4	8.4	16.0	15.2

The comparatives before 31st January 2015 have not been restated under FRS102.

1. Turnover includes 100% of the turnover in the Indian Joint Venture
2. Return on sales is the profit before interest expressed as a percentage of turnover.
3. Return on capital employed is the profit before interest expressed as a percentage of capital employed at the year end
4. Net assets per ordinary share is the amount of the equity shareholders' funds divided by the number of ordinary shares in issue.
5. Basic earnings per ordinary share have been calculated as per note 6 in the notes to the financial statements.
6. Dividends paid during the year per ordinary share reflect the actual payments made during the year rather than the dividend declared in respect of the year
7. Dividend cover is profit after tax divided by dividends paid.
8. Interest cover is the profit before interest divided by net finance costs excluding the fair value of non-hedge accounted financial derivatives.
9. The items described as adjusted have all been stated after excluding the impact of FRS 102 fair value adjustments to financial instruments (including the tax impact) to eliminate potential volatility and are considered more comparable on a year on year basis

Facts at your Fingertips

	UK	America	Europe	Rest of the World	Group
2017					
Turnover (£millions)*	632	655	152	181	1,620
Employees (number at year-end)**	9,223	3,751	246	608	13,828
Pairs sold (millions)	20.9	21.7	4.8	5.0	52.4
Shops					
Clarks	339	200	9	62	610
Concessions	43	–	–	29	72
Factory shopping outlets	44	129	16	59	248
Bostonian	–	–	–	–	–
Total owned shops	426	329	25	150	930
Franchise stores	113	–	–	–	113
International Clarks shops ***	–	29	151	353	533
Total shops	539	358	176	503	1,576
2016					
Turnover (£millions)*	655	568	143	168	1,534
Employees (number at year-end)**	9,700	3,741	240	558	14,239
Pairs sold (millions)	20.4	20.3	4.5	5.1	50.3
Shops					
Clarks	343	208	7	64	622
Concessions	48	–	–	35	83
Factory shopping outlets	44	126	17	35	222
Bostonian	–	4	–	–	4
Total owned shops	435	338	24	134	931
Franchise stores	114	–	–	–	114
International Clarks shops ***	–	33	154	326	513
Total shops	549	371	178	460	1,558

* Excludes turnover of £34.9m (2016 - (£0.2m)) relating to Group items.

** Including part time employees

*** Monobranded partnership stores using the 'global' shopfit format

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