

C&J **Clark** Limited

Annual Report & Financial Statements

For The Year Ended 31st January 2014

Registered Number - 3314066

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Summary

With the Group's new global operating model successfully launched and the four regional trading structures in place, the last year has seen change and progress in equal measure with steadily improving commercial results

As the future unfolds, we are reviewing and evolving the essential elements of our business strategy, fine-tuning them in response to new challenges and new opportunities, ensuring we not only satisfy the changing needs of our consumers but also build profitability in line with our Five Year Plan

This annual report looks back at the last 12 months and looks forward as we pursue our ambition to become the leading everyday global footwear brand the first choice for style with comfort

annual report AND financial statements

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results AT A GLANCE

	2014	2013
Group turnover	£1,541.0m	£1,460.6m
Group operating profit ¹	£128.4m	£122.3m
Basic earnings per ordinary share ²	149.3p	137.8p
Dividends per ordinary share		
– interim 31st January 2014	11.0p	10.0p
– final 31st January 2014 (payable April 2014)	33.0p	30.0p
Net borrowings	(£59.7m)	(£39.3m)
Net borrowings/equity	11.8%	8.3%
Return on capital employed ¹	19.3%	20.3%

1 Before exceptional items

2 After exceptional items

Basic earnings per ordinary share after exceptional items (pence)

2010	101.6	
2011	129.6	
2012	130.5	
2013	137.8	
2014	149.3	

Group turnover from continuing operations (£m)

2010	1,173.5	
2011	1,281.3	
2012	1,398.1	
2013	1,460.6	
2014	1,541.0	

Pre-tax profits after exceptional items (£m)

2010	85.1	
2011	108.7	
2012	106.1	
2013	113.6	
2014	119.8	

Return on capital employed before exceptional items (%)

2010	27.6	
2011	25.2	
2012	22.3	
2013	20.3	
2014	19.3	

Group turnover from continuing operations by region (%)

UK & ROI	41.8	
Americas	40.6	
Europe	9.5	
Asia Pacific	8.1	

Total regional controllable profits (%)

UK & ROI	42.7	
Americas	29.9	
Europe	12.8	
Asia Pacific	14.6	

summary OF TRADING RESULTS

Group Turnover

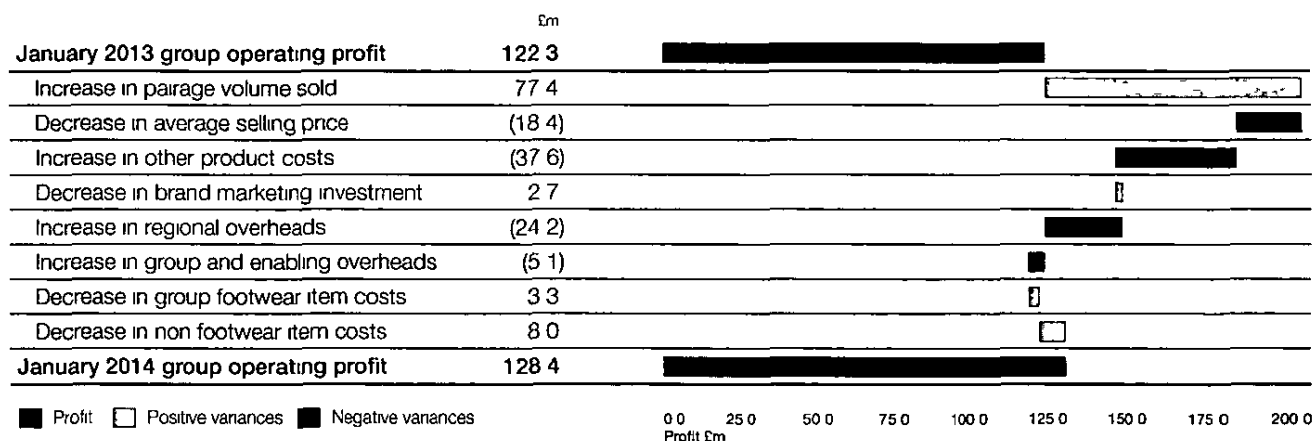
	2014 £m	2013 £m
UK & ROI	644.6	623.5
Americas	625.9	588.3
Europe	145.5	143.4
Asia Pacific	125.0	105.4
Total	1,541.0	1,460.6

Group Operating Profit

	2014 £m	2013 £m
UK & ROI	103.1	94.8
Americas	72.2	82.1
Europe	30.8	35.2
Asia Pacific	35.3	29.4
Total regional controllable profit	241.4	241.5
Group and enabling overheads	(114.3)	(109.2)
Group trading profit	127.1	132.3
Group footwear items	3.1	(0.2)
Group footwear profits	130.2	132.1
Non-footwear items	(1.8)	(9.8)
Group operating profit	128.4	122.3

Comparatives in the table above have been restated to reflect the new regional structure
 Group footwear items comprise central Group overheads and gains or losses on currency contracts
 Non-footwear items comprise holding company activity and central pension costs

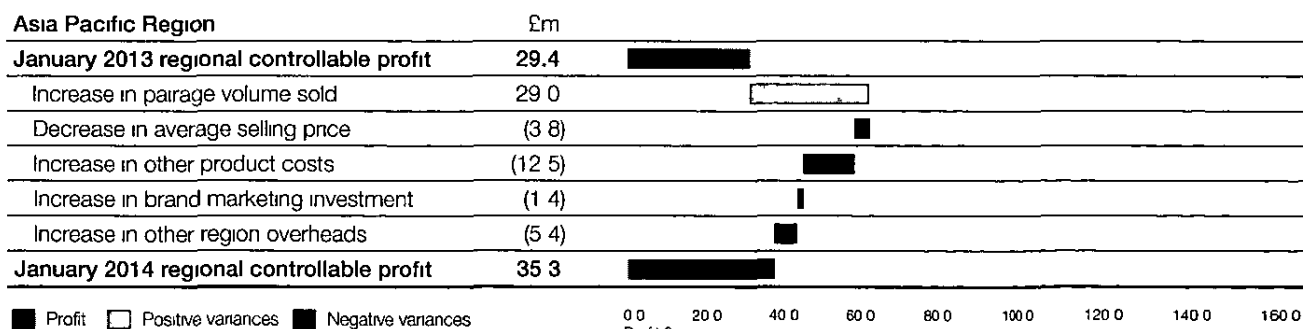
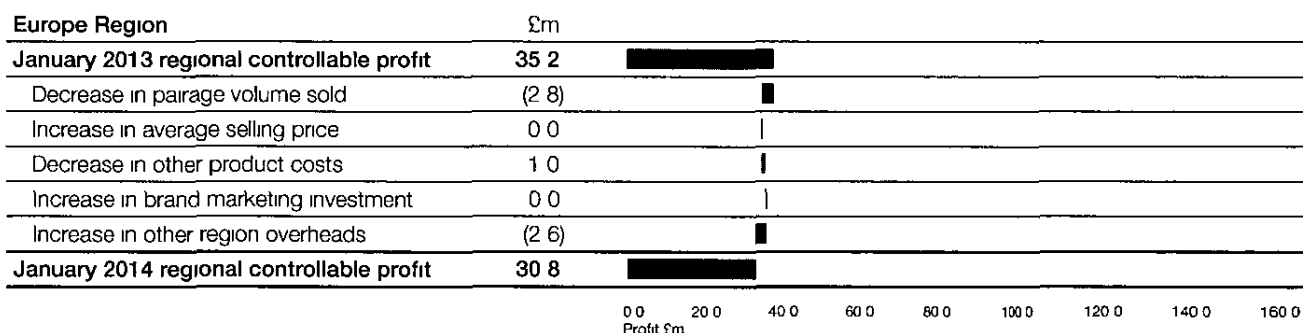
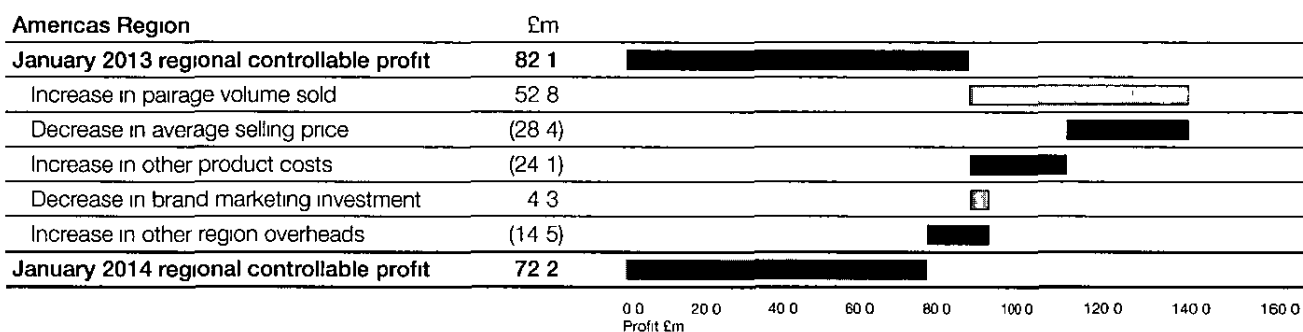
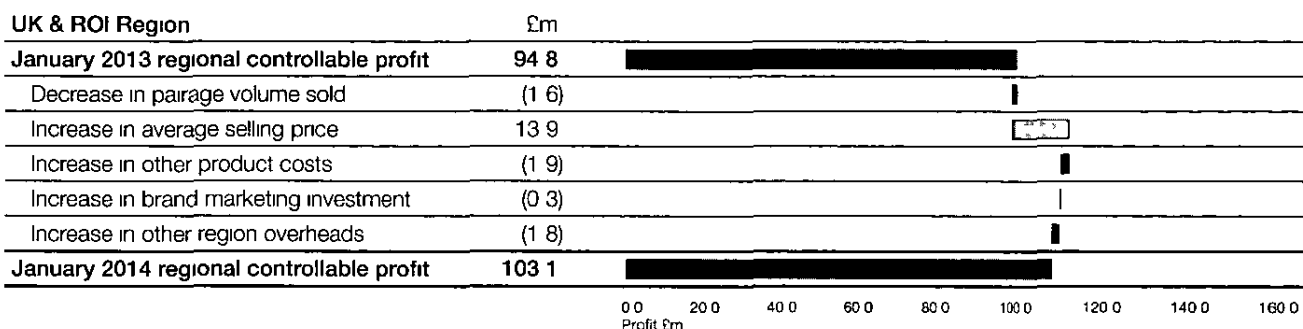
Key profit drivers of divisional trading results



The diagram depicts the variances, both positive and negative, that drive the movement from the January 2013 group operating profit to the January 2014 group operating profit

summary OF TRADING RESULTS CONTINUED

Key profit drivers of regional trading results



■ Profit □ Positive variances ■ Negative variances

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chairman's

STATEMENT

I write to you for the first time as Chairman of the Board and it gives me great pleasure to report that Group profits before interest rose by 5.1% to £127.8m. Group turnover increased by 5.5% to £1.54 billion. Return on sales was marginally below the previous year at 8.3%. In a year of significant change for the Group following the formal establishment of the new global operating model these results represent further solid progress.

The four regions' performances were somewhat mixed. The UK and ROI performed very strongly against the backdrop of an improving economic landscape, due primarily to a higher mix of adult full price sales and a very strong children's back-to-school offer. In Asia Pacific our broadening distribution and increased brand presence drove a profit increase of 20%. The economic picture in this vast, geographically diverse region is, as you might expect, varied. In this context, we are also mindful that India and China's GDP rates are slowing while the Middle East remains unstable in some areas and quite stable in others. Generally, however, the economic conditions in the Middle East were favourable for Clarks.

Europe and the Americas performed less strongly. Europe emerged during the year from recession and our planned reduction in profits during 2013 materialised as we concentrated on setting up strong foundations for growth in 2014 and beyond. In the Americas a mixture of operational challenges causing a build-up of inventory in the first half of the year and an extremely promotional consumer environment resulted in a sharp decline in average prices and margins. Management has taken actions to reverse these unwanted developments in our Americas business. So, we look to a stronger performance in our Americas business in the upcoming year.

The consolidated growth Clarks Group has demonstrated this past year is a result of our diversified, global trading model. The various routes to market within our four distinct and diverse regions has shown that underperformance in one part of our Group can be offset by stronger performances in other areas of the world.

The Group's underlying strategy has been in place for some time. The key components of the strategy is to build the Clarks global brand, to improve the quality of earnings and to drive sustainable growth in key markets through a consistent offer of footwear grounded in style and comfort drawn from innovation in product, marketing and processes. Details on how these parts of our strategy are effecting change within the business is more fully described in Melissa Potter's report on pages 12 to 18. I would like to reassure you that while much of the strategic work to date is foundational and structural, it has been an integral part of our plan to realise the growth targets that we have set for the Clarks Group going forward. Indeed, the formal launch of the global operating model at the start of 2013 is the key enabler for a successful execution of the strategy over the coming years.

Our results indicate that we are on the right course. Group turnover of £1.54bn increased by 5.5% and resultant Group profit before interest rose 5.1% to £127.8m. Profit after tax rose 8.3% to £88.7m, while earnings per share rose strongly to 149.3 pence per share – an 8.3% or 11.5 pence increase on last year's 137.8 pence per share.

Capital employed rose by £62.7m or 10.4% and resultant return on capital employed reduced marginally to 19.3% from 20.3% in the previous year. Equity shareholder's funds increased by £34.6m or 7.3% to £505.8m.

The Group's net borrowings position of £59.7m was £20.4m higher than last year's £39.3m. Gearing of 11.8% is marginally higher than last year's 8.3% but remains at a healthy level, as the Group remains strongly cash generative.

The business strategy and future growth potential is reliant on continued high levels of capital and revenue investments. Investment in marketing costs to drive increased consumer demand equated to 3.3% of Group turnover, in line with last year but representing an incremental £1.3m investment over 2013. Key capital investments during 2013 included the final elements of SAP in America to complete the global SAP footprint, the investments associated with supporting the commissioning phase of the new distribution centre in America, and, the continued investment in the UK and America retail estates, in the form of both store refits and selected store openings.

A key area of investment over the next two years necessary to drive growth will be the replacement of various online systems platforms with one new global online platform. This reaches beyond operational efficiencies and is directly tied to exploiting new digital capabilities and technologies, particularly for a robust online business. Solid growth is planned in Europe and Asia. It will be achieved along more familiar lines where the Group will continue to invest in business models that result in greater control over the development of the Clarks brand in these key markets.

Peter Davies resigned as Chairman on 6th December 2013. I would like to thank Peter on behalf of the Board for his leadership, his insight and his counsel during his chairmanship over the previous seven and a half years – a period of considerable change and unprecedented commercial success in the business. Other than my own appointment to the position of Chairman, there were no other changes to the Board composition. The recruitment for my successor as an independent Non-Executive Director is underway. During the year the Board approved the establishment of a permanent Nominations Committee with responsibility to recommend candidates for high level positions on the Board as well as to develop appropriate succession planning at the Board level. Details, along with the Group's corporate governance standards can be found on pages 26 to 29.

The expectation for 2014 is that the key markets and economies in which the Group trades will provide slightly better economic conditions for growth. The Wholesale orders in Europe and the UK for our current Spring/Summer

2014 season are showing good single digit increases and in Asia Pacific growth rates enjoyed in 2013 look set to continue. Economically, the Americas remain a difficult market on a macro level but a promising one on a micro level where our considerable investments position us well to regain lost ground and to fully recover the confidence of our wholesale customers and expand our direct retail business network through on-time deliveries and compelling product.

Excellent progress to date has been made in transforming Clarks into a truly global shoe brand. We aim to continue investing for the long term health of the Group whilst producing steady growth in turnover and profitability over the short to medium term.

The Board continues to place importance on enhancing an environment conducive to an available and accessible market for qualified shareholders to buy or sell shares in the Clarks Group. One sure way to reach this goal is to build a strong growing business where the share value continues to appreciate. In accordance with the Articles, share valuations are prepared twice a year by an independent firm of chartered accountants. In May 2013 the shares were valued at £8.80 and in September 2013 at £9.50. The share price has risen consistently from £6.25 in 2004 to £9.50 today. This important development explains, in large part, that the demand for the purchase of shares outstrips the supply of shares available for sale. It makes for a very satisfactory share market and indicates the underlying strength of the business.

In May 2013, 214,721 Ordinary Shares were offered for sale at £8.80 and all shares were sold.

In October 2013, 144,577 Ordinary Shares were offered for sale at £9.50 and all shares were sold.

On 30th June 2013, 91,736 shares were appropriated for participants in the C&J Clark Limited All Employee Share Incentive Plan. The Board places value on continuing this program for our employees. From time to time we will authorise purchases on the share market or recommend to the shareholders to authorise stock issues to meet the requirements of employee share incentive plan.

Lastly, the final dividend due for payment in April 2014 has been set by the Board at 33.0 pence per share. On a per share basis, together with the interim payment of 11.0 pence, this will make a combined annual dividend of 44.0 pence and represents a 10.0% increase on last year. At this level, the dividend is covered 3.4 times which is well below the coverage offered by companies the size of the Clarks Group elsewhere in the U.K. It is not only prudent but also a sign of our financial strength.

I would like to close with a note of gratitude to the shareholders for giving me the opportunity to be your Chairman. I look forward to Clarks future with optimism, determination and dedication.

THOMAS J O'NEILL
CHAIRMAN
21ST MARCH 2014

chief executive's

REPORT

short-term financial targets, posting further good improvements on the previous year in both turnover and operating profits

Group turnover for the year increased by 5.5% to £1.54bn. This improvement was driven by a rise of 5.6% (2.8m pairs) in the volume of units sold, although 2.0m pairs of the increase arose in the Americas region and drew heavily on the imperative to liquidate excess inventory. Although the pairage volume base in our UK and Republic of Ireland (ROI) business remained flat against the previous year, turnover edged upwards by 3.4% on the strength of a continued enhancement in average prices as we focused on optimising our full-price mix. It was once again the overseas markets which achieved the fastest growth rates. Our Asia Pacific region was the star performer, delivering an overall step increase of 26.5% in pairs and 18.6% in turnover, which featured very strong performances in key growth markets such as China, India, South East Asia and the Middle East despite softer economic conditions and some adverse currency pressures. In the Americas we sold 9.5% more pairs than in 2012/13 but our average prices were strongly diluted by increased promotional activity, resulting in regional turnover growth of only 6.4%. In Europe we continued to concentrate on maintaining the quality of our distribution with our wholesale and franchise partners whilst gaining a stronger foothold in online and outlet trading, the scale of our business being broadly unchanged in the year although with indications of better growth conditions appearing over the horizon. The proportion of the Group's annual turnover arising in markets outside the UK and ROI increased to 58.2%, a positive long-term trend which I would expect to see becoming further accentuated in the future in line with our strategy.

OVERVIEW OF GROUP PERFORMANCE

Taken as a whole this has been a year of profound change for the Group. February 2013 saw the formal launch of the Group's new global operating model, including the establishment of our four regional trading structures. In May we completed the last major phase in our programme to implement SAP technology as a foundation of our business systems worldwide, when we completed a successful go-live in North America. In the second half we made a number of significant changes to the composition of the leadership team in our Americas business in an attempt to maximise our commercial performance in the face of a tough, highly promotional trading environment. All of these factors have challenged our teams to adapt to new demands, whether by adopting new processes and ways of working, finding new ways of collaborating effectively together to achieve our commercial objectives or harnessing the potential of unfamiliar technology. For all the immediate challenges I am pleased to be able to report that the Group has continued to make sound progress in delivering its

Group operating profit for the year grew by 5.0% to £128.4m, representing another new record for the Group. In aggregate, the regions generated controllable profits (net achieved margin less the costs directly controlled by each region) in line with the previous year, with strong improvements in Asia Pacific and the UK and ROI being offset by a planned reduction in European profits and a lower than expected result in the Americas. Overheads managed at a Group level in supply chain, product and marketing all rose strongly compared with last year, partly reflecting the added variable costs of additional trading volume but also impacted by deliberate investments in building resources, capability and infrastructure to support longer term growth. The burden of additional Group overheads was offset by two main compensating factors: firstly by a planned realignment of our accounting practice in relation to lease accounting in the Americas to bring this into line with established Group policies, which had the effect of releasing a once-only benefit of £8.5m to profits in the year, and secondly by a reduction of £5.5m in the cost of management incentives in consequence of the lower than projected trading result at regional level. Exchange variances had a net positive impact of £2.1m on Group operating profit compared with a £3.1m positive last year.

For the first time this year we are able to report regional profitability on a strictly comparable basis across the four regional trading entities. In fact there were significantly mixed fortunes across the regions. In the UK and ROI, the focus of our strategy on achieving a higher mix of full-price product resulted in stronger average prices and a 1.3% improvement in gross margins, lifting regional profits by 8.8% compared with 2012/13. As described above the Asia Pacific region benefited from continued buoyant trading volumes in its major markets, also underpinned by healthy margins, hence profits rose by an impressive 20.0% despite a much higher investment in operating costs to support this rapidly growing business. European regional profits exceeded our expectations but ended 12.5% below last year due to a combination of higher operating costs, exchange pressures on prices and margins and some minor re-phasing of early Spring/Summer 2014 orders into next year. The most severe challenges to regional trading performance came, however, in the Americas. As described in my September report, a build-up of excess inventory during the first half hampered operational execution throughout the year and caused considerable damage to both prices and margins. Market conditions grew softer and more promotionally driven in the final quarter, hence the Americas ended a very challenging year with profits 12.1% below 2012/13. Work is under way to bring about future improvement in this rather uneven pattern of performance by region, but I am encouraged that our strongly diversified trading model across channels and geographies has again helped us to maintain a set of robust Group results.

External financing costs rose by £0.7m to £3.2m reflecting a moderate increase in average borrowings during the year as we completed the bulk of our infrastructure investment in business systems and

the Hanover Distribution Centre. A more favourable trend in equity values and bond yields resulted, however, in a reduction of £0.7m in the imputed costs of financing our net pension deficit. The resultant profit before tax of £119.8m was 5.5% higher than the previous year. The Group's effective corporation tax rate reduced to 26.0% (2012/13 27.9%), benefiting from both a reduction in the UK headline rate of 1.1% and from a lower mix of profits arising in North America taxed at higher rates. The Group profit after tax of £88.7m represents an 8.3% improvement on last year, whilst earnings per ordinary share also rose by 8.3% to 149.3 pence per share, again a measure of our solid progress in delivering improved shareholder returns and a pleasing new record for the Company.

The Group's commitment to strengthening its infrastructure and building a more extensive distribution footprint for the Clarks brand has resulted in a progressive increase in both fixed assets and working capital over a number of years. In line with this continued trend our year end balance sheet shows a further rise of 8.6% in the value of fixed assets, capital investment of £68.0m being as expected well below the level of the previous year (£89.8m) but still comfortably higher than the depreciation charge of £35.4m. The four major components of our capital programme during the year comprised £4.2m in relation to our SAP implementation in the Americas, £16.9m to support the extensive testing and commissioning phases of the Hanover project, £8.5m associated with new retail store openings and refits in the Americas and £11.1m in store investments in the UK and ROI. Following a first half in which the pattern of our working capital was somewhat distorted by excess stocks in the Americas, I am pleased to report that the latter part of the year has seen us successfully trade through the greater part of that stock through our normal distribution channels and achieve improved control over working capital in general. The working capital position closed 6.7% above the prior year, with stock value showing an increase of 11.1%. Return on capital employed continued to be adversely affected by the current high levels of investment, and reduced slightly during the year from 20.3% to 19.3%.

The Group's cash flow position remained healthy, with external borrowings at moderate levels throughout the year. Net cash flow was adverse by £19.9m, leaving year end net borrowings at £59.7m (2012/13 £39.3m) and implied gearing at 11.8%. We continue to be in a position at present to fund our capital investment programme, working capital needs, ongoing pension contributions (amounting to £35.5m during the year) and regular dividend, interest and taxation outflows from the cash flow we generate from normal footwear operating activities. I anticipate that our cash flow and borrowings position will strengthen further over the medium term as the Group's profitability builds in line with our Five Year Plan.

The following section is intended to highlight the principal factors which have influenced our trading fortunes in the regions during the past year.

chief executive's REPORT CONTINUED

OPERATING REVIEW

UK AND REPUBLIC OF IRELAND (ROI)

Although 2013 saw the beginnings of renewed economic growth, we experienced few signs of improved consumer confidence in UK and ROI high streets. Our core strategy for the region of driving a more premium full-price mix of adults business whilst protecting our dominant share of the children's market again served us well. Comparative sales in our stores grew by an average of 2.7%, comfortably above the British Retail Consortium sector index of +0.1%. Although pairs sold through our retail estate fell marginally, average prices still improved by 1.8% against the prior year and margins also strengthened. The early Autumn period saw another very strong Back-to-School, enabling us to grow our cash margins by around 5% from this crucial trading period and setting new standards of excellence in operational delivery by our store teams. Costs continued to be tightly managed at all levels, so that the improved price mix and margin performance resulted in a creditable uplift of 6.6% in retail channel profits.

In tandem with raising the quality of our sales and margin mix to drive higher returns in the traditional bricks-and-mortar retail estate, we continued to pursue more stretching growth targets in the online channel. Turnover in the combined direct to home and click-and-collect operation increased by 17.4% to £64.3m and now represents 10.4% of our total UK and ROI business. The aggregate gross margin from online rose by more than 20%. As this channel matures the opportunity to sustain the impressive growth rates achieved in recent years does inevitably diminish, however we have continued to set fairly challenging targets for the next two to three years and remain confident that we can continue to build on the current strong base. As described in the Strategy Review section in this report, our ambitions to grow a much bigger global online business will be supported by a major investment in a new global online technology platform over the next two years.

Good sales and profit performances in all our other distribution channels also contributed much to our strong regional results. Our Factory Shopping division continued to prosper, growing average prices by 4.2% and securing higher margins despite an increased mix of excess stock liquidation. Channel profits advanced by 8.7% in spite of rising operating costs, driven by changes to occupancy arrangements in a number of the outlet centres where we trade. In both our wholesale and franchise operations, the focus on raising average prices and improving full-price mix also resulted in better margin performance, leading to growth in channel profits of 3.7% and 10.5% respectively.

Much work remains to be done in our "home" market of the UK and ROI both to attract new consumers to the Clarks brand and to improve the brand experience of our existing loyal consumer base. However, I am pleased with the further strong progress we have made this year in delivering a higher quality mix of business across the channels, maximising operational efficiencies and improving returns.

AMERICAS

I described at length in my half-year report the operational and market factors which contributed to overstocking in the Americas region during the first half, resulting in severe dilution of average prices and margins. Whilst I am pleased to report that the regional leadership team came to grips very effectively with the stock issues in the remainder of the year, the adverse impact on customer service levels has continued to hinder our efforts to recover our profit position in the short-term. In addition, the consumer environment in the United States appears to have grown more aggressively promotional during the Autumn, most noticeably since the November Thanksgiving holiday season. As well as challenging us to drive transactions in our own stores through deeper promotional activity, this shift in market conditions has restricted our wholesale partners' sell-through and limited both their in-season replenishment orders and their appetite to commit 'open to buy' for new Spring season's product. All of this has created a particularly demanding combination of threats to our business performance in a year already marked by high levels of change. In consequence regional sales grew by 6.4% but controllable profits were strongly impacted by stock liquidation activity and fell well short of expectations, ending 12.1% below the previous year.

Wholesale despatch volumes increased by 8.7% but with a mix heavily weighted towards closeouts and discounted product, leading to a 6.7% reduction in average selling prices. Total turnover grew by a modest 1.3% due to the strong emphasis on stock reduction and some escalation in the cost of rebates and returns. Gross margins also suffered accordingly, dipping by 2.5 percentage points compared with last year, worth an average £1.06 per pair. The resultant channel profit fell 7.1% overall, including an 18% reduction in the Canadian market where discounting pressures proved especially severe and we encountered disruption to our shipment levels due to credit concerns. It will be vital to improve our delivery performance in 2014 right across the spectrum of customer types if we are to recover our growth momentum and achieve the targeted returns in our wholesale channel.

The impact of more intense promotional activity to help liquidate stock together with an increasingly price-competitive consumer landscape also left a strong mark on our retail performance. Comparative sales in full price stores declined by 1.2% for the year compared with the FDRA footwear sector index of +0.6%, whilst outlet stores fared better at +2.0% against the FDRA comparator of +0.6%. Although total sales in full price stores grew by 7.7% on last year with the benefit of additional capacity, average prices fell by 6.1% and net margins by 6.8% per pair. With the addition of a net new 29 locations, our fixed costs increased and could not be fully recouped during the year. Outlets were impacted more directly by our stock clearance efforts, with positive sales growth of 5.1% turning into a 5.5% shortfall to last year on the net margin line. Although good control of operational standards and tight management of costs offset to some extent the reduced margins, the combined retail estate recorded a reduction of £6.5m in channel profitability.

The developing e-commerce channel provided the brightest spot in our trading performance. Total sales grew by a very encouraging 49.8% to £16.5m and now represent almost 3% of our Americas business. Although gross margin rates held up pretty well, we found it increasingly necessary for our online promotions strategy to mirror activity in full price stores so that full year net margin per pair became diluted by 13.1% in comparison with the prior year. The channel nonetheless remained highly profitable, the strong volume gains driving an improvement in cash margin by 44.8% and delivering a healthy return of 35% on sales. We plan to begin the implementation of our new global e-commerce platform in the Americas in Autumn 2014, and anticipate that this will provide an exciting opportunity for accelerated growth in the future.

With the successful implementation of SAP now safely behind us, the Americas team is now focusing greater attention on the Hanover distribution centre. As this project enters its final stages, our prime focus is on testing the mechanical handling systems and software solution to iron out any problems ahead of go-live, and on planning in detail the transition of receipts and shipments from the old facility to the new. Whilst much work remains to be done, our project timelines and costs remain broadly on track. We currently anticipate that our first "live" despatches will commence in May this year, and that we should be in a position to support our full operational requirements from the new facility for the Spring/Summer 2015 season. Once delivered successfully, I am confident that Hanover will be a big step forward in improving the quality of our infrastructure in the Americas and will become a critical source of competitive advantage in enhancing our customer service and logistics capability.

EUROPE

The focus of our European trading strategy was again on protecting the quality of our wholesale distribution, enhancing service standards for our key partners, and

building a more diversified channel structure including a bigger online presence together with selective investments in Factory Shopping capacity. With the rate of new franchise store openings having moderated to 12 new locations, we concentrated on improving sales per door from our existing portfolio and on enhancing the consumer experience of our brand. We also continued to invest in building the appropriate mix of resources and capability to support the development of a more mature multi-channel business structure for the future. We strengthened our resources in key areas such as channel management, buying and merchandising, marketing, commercial finance and human resources, with investments taking place at both regional and individual market level. As the Eurozone emerges from several years of economic crisis and negative growth, we can already see a return of greater business confidence feeding through into our order books. The foundational investments we have been making in new distribution, people and capability will become all the more important in enabling us to capitalise on growth opportunities as they materialise.

For most of the year we have seen a positive underlying volume trend in the European markets with growth in the range of 3-5%, however we have opted to phase an element of our Spring/Summer 2014 orders for delivery slightly later in the season resulting in despatches falling 2.2% and turnover 1.5% below last year. It is particularly encouraging to note that within our three main sub-regions of Western, Central and Eastern and Southern Europe, it was in the South where we saw the best growth following several years of challenging conditions, with trading volume in pairs lifting by 8.9% and turnover by 4.6%. Our overall average prices and gross margins have also held up ahead of our expectations and in line with 2012/13, although a rise in some of our distribution and sourcing related costs led to a 1% reduction in net achieved margins per pair. Regional overheads increased by 9.2% in line with our planned investments in the key resource areas, in order to strengthen our infrastructure and position the business for future growth. The resulting controllable profit reflects a 12.5% decline on the previous year. Despite this, I believe that we have now laid the groundwork very effectively for stronger business performance moving forwards and will see renewed growth momentum beginning in 2014.

ASIA PACIFIC

The performance of our Asia Pacific region continues to go from strength to strength. Economic conditions were not uniformly favourable, with ongoing instability in some parts of the Middle East, a slowing pace of growth in key markets such as China and India and severe exchange pressures in Japan, India and several other emerging economies. Despite this our focus on achieving greater brand presence and a broader footprint for our distribution continued to yield strong commercial results. Sales volume in the region grew by 0.9m pairs or 26.5% to 4.25m pairs, now almost equal to the scale of our European business, whilst turnover grew by 18.6%.

chief executive's REPORT CONTINUED

to £125.0m. On the whole we maintained a positive territory and product category mix, enabling us to grow net margins by 0.8% despite a decline of 2.7% in average selling prices. As in Europe, we recognise the importance of building infrastructure, increasing resources and improving capability to create a sustainable base for future growth. As planned investments in these areas resulted in a sharp 23.5% rise in regional operating costs but still left controllable profits a healthy 20.0% up on the year.

The main growth engine for the region continues to be China, which accounted for more than 40% of both turnover and controllable profits. The China group including Hong Kong and Korea grew volume sales by 25.5% to 1.7m pairs, increased turnover by 26.8% and territory profits by 33.4%, a remarkable new landmark set of results for our business and a huge credit to our talented China leadership team. In India, our Joint Venture company saw trading volumes grow by almost 80% and turnover by 71.3%, whilst we ended the year with 36 owned stores, 10 franchise stores and a growing wholesale channel. The continued devaluation of the Rupee has driven unplanned price increases which have limited our volume growth and held down profitability. We are targeting a breakeven result at EBITDA level in 2014. There were a number of other noteworthy successes at territory level: the South East Asia markets bounced back from the disruption caused by our change in business model in early 2012, posting a 26.3% growth in pairs and 42.6% improvement in profits, and the Middle East team also maintained its growth trajectory, with pairs and sales both up more than 25% and profits ahead by 9.1%.

Whilst I am delighted by the results we have achieved by locking into faster growth rates than could be accessed in our more established markets, I would emphasise that the region is entering a phase of increased investment to build for the longer term future. Indeed this is already happening, as evident for example in the opening of a net 43 new franchise stores and 29 new shop-in-shops during the year and in the increased investment in people, capability and training. We have been working towards rolling out our SAP technology solution in China and Japan, with go-live planned for Summer 2014. In the Strategy Review section below I have also commented in more detail on our intention to invest in further evolving our business models in the region. Ultimately our ambition is to increase the scale of our Asia Pacific business and its importance as part of the Group over the coming years, but to tackle this in a way which will make our growth sustainable.

STRATEGY REVIEW

The core elements of our business strategy have been well established for some time, but of course we continue to refine them in response to new challenges and threats and to the ever changing needs of consumers. Our efforts are united by the ambition of making Clarks the leading everyday global footwear brand, making the brand the first choice for style with comfort. To help simplify our plans for execution and help communicate them clearly, we have found it useful to break down our strategy into three primary goals: to build a global brand, to improve our quality of earnings, and to drive sustainable growth in our markets.

Building a global brand involves enhancing the consumer experience in all our distribution channels as a means of attracting new consumers whilst inspiring loyal existing consumers. I described in my September report the good progress we have achieved over the past year in setting out a clear definition of the Clarks brand personality and our desired market positioning. In addition we have identified our target consumer groups globally and have developed a segmented distribution map which will be used to help us reach the relevant consumer targets in the places they like to shop. We are also well progressed with our thinking about how we should organise our product offer against a collections strategy aligned to our consumer targets. Whilst much of this remains a work in progress from an execution standpoint, it has proved invaluable in enabling us to sharpen our thinking about potential growth areas for the brand.

As shoemakers, first and foremost, we are devoted to meeting consumer needs with the highest quality products. Through 2013 we developed and launched adult collections which target specific consumer groups and distribution with relevant products, to enable easy navigation of our diverse product offer. The collections were launched at our first global sales conference held in December 2013. We have also undertaken a comprehensive review of our icons and archives, to identify design signifiers that truly represent Clarks heritage. The resulting 'Hand of Clarks' distills our unique and Effortless British Style into a handwriting that will recur throughout our collections in years to come and differentiate us in the eyes of our consumers. We are also successfully using collaborations as a shortcut to building desirability in Clarks and creating PR opportunities. The most recent of these collaborations with Orla Kiely for Spring/Summer 2014 in the womens range has surpassed expectations, with sell in across all four

regions. Sell out well ahead of plan has proven that we are able to achieve significantly higher price points and achieve strong margins with desirable product

Improving the quality of earnings means enhancing average prices and margins over time, justified by desirable product and an experience of the brand which makes consumers willing to pay more. It will also require us to deliver economies of scale from our simplified global supply chain and sourcing structure, as well as a simplification of product assortment across the regions. Shaping a more efficient cost structure across other group and enabling services over the medium-term will be another important component of this deliverable.

Driving sustainable growth in the regions will require us to continue broadening the distribution footprint of the brand and to increase brand investment to drive higher consumer demand. Our vision for our ideal distribution structure is based on the current multi-channel model, but in reality we are already running a number of variants of that model depending on the dynamics of a particular region and its stage of maturity. There are many challenges inherent in aligning the theoretical target distribution and consumer targets by region with the existing realities, most notably in the UK and ROI where we have the deepest fixed investment in retail capacity. Getting the pace of change right will be key to maximising the opportunities. Conversely there is rich potential in achieving a better long-term alignment between consumer targets and correctly segmented distribution structure. Even in the short-term we have significant gaps in online (Asia, Europe, to some extent North America), franchise (United States) and owned retail (most of Asia, Canada, still short of the optimal scale in the United States) which would offer further growth opportunities. Our ultimate ambition is to provide a seamless, integrated experience of the Clarks brand to consumers wherever they are in the world and through whichever channel they choose to access the brand. There is both a massive amount of work still for us to do to bring this to life in the regions and enormous commercial potential to be unlocked.

Our business strategy is dependent on continuous high level investment in both capital and revenue terms. Alongside higher marketing spend we will need to make progressively deeper investment in people, process and technology. One of the key technology projects for the next two years is the replacement of our current online systems platforms with a new global platform, which we believe will deliver accelerated growth in online sales across the regions. We are also in the process of evaluating how to adapt our strategic thinking to harness new digital technologies and capabilities, and recognise that we are still playing catch-up in this arena. It will not be possible for us to fully realise our vision of an integrated consumer experience across all channels without a commitment to investment in digital capability and a clear pathway to making the "big data" revolution relevant to our particular commercial needs.

Over the next few years we anticipate that investment will also be required to evolve our business models in the Asia Pacific region from current partnership-based structures such as distributorships to more controlled structures including a higher component of Clarks operated stores and franchises. One good example of this evolution is our acquisition in August last year of the distributor business in Turkey, a market we regard as having high potential for long-term growth. Another, more recent instance is our acquisition of 34 full-price stores and two franchise stores in Southern China from the regional distribution partner in December. Similar investments are also likely to be made in certain European markets over time. The underlying purpose of these changes is to acquire greater control over the development of our brand in key markets. In the short-term such investments may result in a slowing of our profit growth as we absorb the impact of extra capacity and related overheads. Over the longer term they will be essential in enabling us to achieve sustainable and profitable growth.

On the whole I am very satisfied with the current progress in embedding our new global operating model with its multi-faceted process, communications and capability challenges. There are naturally a number of areas where we are working to bring about improvements. Perhaps the biggest threat to our success in executing the strategy lies however not in any individual area of under performance but in our ability to get right the overall calibration of the pace of change, including layering in new investments in a way that the organisation can digest them but without creating volatility in our commercial results. This will often involve fine judgements but I will continue to be guided by the aim of producing consistent growth in turnover and shareholder returns over the medium-term whilst building the business for long-term sustainable value.

OUTLOOK FOR 2014

Economic indicators in our major markets around the world present a rather variable picture. In the UK and ROI, whilst at the macro level there might be growing positive signs of recovery, for the average hard-pressed consumer the real sense of a feel-good factor which might influence discretionary spending intent remains elusive. This is also largely true of present conditions in North America, although the sheer scale and dynamism of the US economy probably justifies more optimism for a sustained return to growth. The Eurozone economies, especially in the South where recession has hit hardest and proved most protracted, appear to offer some encouraging indications that the worst is now over and that conditions are more conducive for us to recover our growth momentum. The major Asia Pacific markets exhibit widely varying characteristics. In China and India, the boom conditions of the past few years seem to have given way to a slowing trend in economic expansion whilst many smaller emerging markets remain caught in a cycle of instability and currency devaluation. In South America, the recent social and economic turbulence in Venezuela

chief executive's REPORT CONTINUED

looks likely to continue to disrupt our normal trading pattern for the foreseeable future. Accepting that there will never be a uniformly favourable set of external conditions given the broad geographic span of our business, on the whole I remain optimistic that the major economies where we trade will offer slightly improved growth prospects for our brand in 2014 compared with 2013.

In the UK and ROI and most overseas markets, owned retail stores and franchise stores have transitioned successfully from residual Autumn/Winter inventory clearance to early trading in new Spring/Summer 2014 merchandise, with some positive initial results. Our wholesale forward order position for the Spring/Summer season, usually a reliable barometer for the strength of underlying demand for our brand, is also reasonably encouraging. Based on the known trends the Asia Pacific region appears well set to maintain a trajectory for sales growth of more than 20% on last year, whilst Europe and the UK and ROI have each posted strong single-digit increases in orders.

Only in the Americas are we currently seeing some initial softness in market demand in both the wholesale and retail channels. Whilst this may be reflective of the continued highly promotional trading environment, we also identify it to some extent with our own operational failings which have undermined service standards to our customers over the past few seasons. We are placing the highest priority on improving our planning capability, on-time delivery performance to customers and inventory control, all of which we believe to be critically important if we are to be successful in achieving our growth targets in the Americas in the coming year. This in turn will be a vital factor in underpinning the profit performance of the Group, by enabling us to avoid the risk of price and margin erosion on the scale we experienced in the current year. We are focusing hard on a variety of actions to secure this improvement, including a very strong engagement of the Americas leadership team with the planning of the transition to the new Hanover distribution facility.

I believe the past year has seen us make significant progress in implementing our strategy of transforming Clarks into a global brand. We have committed much of our energy to embedding our new business model with its attendant process, people and technology challenges. We have successfully delivered a further improvement in turnover and shareholder returns whilst continuing to strengthen the business for the long-term. I would like to take this opportunity to thank all those colleagues from across the Group whose talent, enthusiasm and commitment have made this success possible.

MELISSA POTTER
CHIEF EXECUTIVE
21ST MARCH 2014

financial

REVIEW

The Group continues to prepare its financial statements in accordance with UK GAAP

ACCOUNTING POLICIES

The Financial Reporting Council (FRC) has replaced current UK GAAP with FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) with effect from periods beginning on or after 1st January 2015. FRS 102 is based on the International Financial Reporting Standard for Small and Medium sized Entities (IFRS for SME's), amended for use in the UK.

The Board has carefully evaluated the merits of adopting both full IFRS and FRS 102 and has decided to adopt FRS 102 on the basis that this will be the approach best suited to the commercial interests of the Group and its shareholders. The adoption date for the Group will be for financial statements relating to the year ended 31st January 2016 and all changes will be outlined in the financial statements for the year ended 31st January 2015 in readiness for adoption the following year.

The introduction of FRS 102 will have a major impact on the financial statements of any entity currently preparing financial statements under UK GAAP. The adoption of FRS 102 will lead to some changes to the format of the financial statements and the disclosures required, as well as some changes to the numbers. FRS 102 will change the recognition criteria for various assets and liabilities, the basis on which some items are measured and the treatment of certain gains and losses most notably in the area of financial instruments.

RESULTS FOR THE YEAR

Group turnover increased to £1,541.0m from £1,460.6m, an increase of 5.5%

Group profit before interest, share of operating loss of joint venture and exceptional items rose by 5.0% to £128.4m. Group profit before interest rose by 5.1% to £127.8m.

Profit before tax rose by 5.5% to £119.8m. Reduced pension financing costs of £5.0m compared to £5.7m offset the higher external interest costs of £3.0m compared to £2.3m in the prior year as a result of higher average borrowings during the year. Profit after tax of £88.7m is 8.3% higher than last year's comparative of £81.9m. Post exceptional earnings per share increased to 149.3 pence per share from 137.8 pence last year. The underlying growth in earnings per share was 8.3%.

A detailed review of trading performance for each business division is provided in the Chief Executive's report on pages 12 to 18.

PRESENTATION OF RESULTS

In line with previous years we have chosen to report on the face of the Group profit and loss account the costs of providing long-term incentive schemes to Executive Directors and senior management as a separate item charged in arriving at operating profit. In the current year the profit and loss charge relating to long-term incentive charges was £1.1m (2013/13 – £6.6m). Please refer to the “Long-term Incentive Plan” section of the remuneration report on page 37 for a full description.

We have separately reported the results of our joint venture in India, Clarks Future Footwear Ltd. In line with FRS 9 (Associates and Joint Ventures) we have used the gross equity method of consolidation under which our share of the gross assets and liabilities underlying the net amount of the investment is shown in aggregate on the face of the balance sheet. In the profit and loss account our share of the joint venture's turnover is noted and our share of operating losses in the joint venture is shown below Group operating profits. The Group's share of losses in the year was £0.6m (2012/13 – loss of £0.7m). The Group's share of the joint venture's turnover of £5.6m (2012/13 – £3.3m) has also been reported separately.

During the year a detailed review was carried out to ensure that Group accounting policies were being applied consistently throughout the Group. In the Americas region, this review identified three areas in the area of accounting for leases where inconsistencies were evident. Where an operating lease has scheduled changes in rent, under US GAAP the rent is expensed on a straight-line basis over its life, with a deferred liability or asset reported on the balance sheet for the difference between the profit and loss expense and the cash outlay. Group accounting policy (under UK GAAP) is to expense rent on an incurred basis. Also under US GAAP any benefit gained as a result of a rent free period within a lease agreement is amortised over the entire lease term. Clarks' Group policy is to amortise the benefit of the rent free period over the period from inception of the lease to the first break clause in the lease. Finally under US GAAP any benefit gained as a result of a lease incentive within a lease agreement is amortised over the entire lease term. Group policy is to amortise the benefit of the lease incentive over the period from inception of the lease to the first break clause in the lease.

These three related alignments resulted in a one-off gain of £8.5m which has been accounted for within the 2013/14 financial year as a change in accounting estimate, FRS 18 – Accounting Policies, and is included within Group operating profit.

EXCEPTIONAL ITEMS

There were no exceptional items in either the current year or the prior year.

FINANCING COSTS

Financing costs of £8.0m (2012/13 – £8.0m) comprise net bank interest charges of £3.0m (2012/13 – £2.3m) and net pension financing costs of £5.0m (2012/13 – £5.7m). Pension financing is an imputed charge calculated in accordance with Financial Reporting Standard 17 and represents the difference between the interest charge on the Group's pension liabilities and the expected return on the pension assets, the former based on a discount rate derived from high quality corporate bonds.

TAXATION

The Group effective rate of tax on pre and post-exceptional earnings is 26.0% (2012/13 – 27.9%), there being no significant exceptional items in the year.

The current year pre-exceptional tax rate, excluding prior year items, is 27.1% (2012/13 – 28.5%), the 1.4% point reduction is primarily a result of the decrease of the 2013/14 blended standard UK corporation tax rate of 1.1% points to 23.2% and the change in the territory mix of Group profits.

The Group tax rate exceeded the standard UK corporation tax rate of 23.2% for the year due to the absence of UK tax relief on commercial building depreciation and the proportion of Group profits arising in higher tax rate jurisdictions, such as Canada, China and the United States. The current year Group tax rate is lower than the forecast rate reported in the interim financial statements of 28.1%, due to North American profits comprising a lower proportion of the total.

The current year tax rate is 1.1% points greater than the overall Group pre-exceptional tax rate. This is mainly due to a prior year £0.5m tax credit for the restatement of UK non-pension deferred tax balances, resulting from the legislated reduction in the UK corporate tax to 20% by 1st April 2015, and a prior year UK corporation tax credit to reflect the submitted corporation tax returns for 2012/13.

BALANCE SHEET

Capital employed has increased by £61.7m or 10.2% to £665.3m at 31st January 2014. Our regional working capital levels are £48.8m higher than last year with the UK and ROI region accounting for £28.7m of that increase. In the Americas, working capital increased by £4.5m. Regional inventory levels increased by £50.5m, with the UK accounting for all of the increase. Americas inventory values decreased by £3.0m from a high point in the prior year due to some overstocking.

Our tangible fixed asset value has increased by £24.6m (8.6%) to £309.3m as we continue to invest in the business in retail stores both in the UK and North America, and have continued to roll out our international

financial REVIEW CONTINUED

franchise store programme. The infrastructure investment in North America continued during 2013. During the year, an additional £16.9m was invested in the Hanover Logistics Centre project bringing the total invested to date to £70.9m. Project Atlas (our implementation of SAP in to the Americas) went live in the year. During the year a final £4.2m was invested globally in this project bringing the total invested to £39.9m.

We have relocated and opened 11 new owned stores in the UK and ROI at a cost of £4.4m (previous year being six stores at a cost of £1.7m). We have also refitted a further 19 stores at a cost of £3.8m (previous year being 23 stores at a cost of £3.5m).

We have relocated and opened 29 new stores in North America at a cost of \$9.3m (previous year 41 new stores in North America at a cost of \$13.6m). We have also refitted a further nine stores at a cost of \$2.9m (previous year 12 stores at a cost of \$3.3m).

Our Asia Pacific store count grew by an additional 57 stores in 2013 at a capital cost of £0.9m. This brings the Asia Pacific international franchise store count to 227. We also added 29 own retail concessions within department stores to the China portfolio in 2013 through the transition to Group of our partner operations in the Guangdong province.

In Europe we consolidated our International Franchise Store estate by adding 12 new Franchise Stores in 2013 at a capital cost of £0.3m to Clarks. With several strategic closures this increased our overall franchise store count to 167. We also added four factory stores at a capital cost of £0.9m, bringing our outlet store count to 10. In addition to the above, we have five owned retail stores, unchanged over the year.

Resultant Group capital expenditure of £68.0m (2012/13 – £89.8m) remained well ahead of the level of depreciation charged of £35.4m (2012/13 – £30.6m).

Provisions excluding deferred tax of £8.0m have decreased by £6.5m on last year as we are holding lower provisions for long-term incentives for executives and senior managers.

Due to the increases in working capital, the levels of capital investment and pension deficit funding we are reporting a net borrowings position of £59.7m, £20.4m unfavourable to last year's net borrowing position of £39.3m. Cash flow generated from operating activities of £92.5m was £14.7m lower than last year's £107.2m.

driven predominantly by the higher increases in working capital levels this year. Cash outflows from investing activities of £64.4m were lower than the prior year's comparative of £94.5m reflecting the lower infrastructure spending in North America as we completed the global SAP implementation during the year and are nearing completion of the Hanover Logistics centre project.

Shareholders' funds stand at £505.8m, £34.6m higher than last year's comparative. Net assets (excluding pension liability) of £586.2m were £36.9m higher than last year.

PENSIONS

The deficit in the defined benefit pension schemes continues to impact the Group's trading results and balance sheet. At the year end the deficit amounted to £80.4m, an increase of £2.3m on the prior year value of £78.1m. Funding levels continued to be volatile during the year. At the year-end lower bond yields had again broadly offset improvements in equity valuations during the year. The cost of all Group pension schemes is shown in Note 20 to the financial statement.

Actuarial gains and losses are shown in the Statement of Total Recognised Gains and Losses on page 53.

During the financial year cash contributions into the main UK fund by way of deficit funding amounted to £20.0m (2012/13 – £20.0m). This included an acceleration of a payment of £13.2m which did not fall due until 5th April 2014 (£13.2m was accelerated into 2012/13 which did not fall due until 5th April 2013). Contributions to the main North American defined benefit fund amounted to \$10.0m (2012/13 – \$10.0m).

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

The Group's borrowing facilities comprise a Revolving Credit Facility with a syndicate of five major banks and a total facility amount of £200.0m. This facility was renewed and extended in 2011 and is due to expire in March 2016. The Group also has UK and other overseas short-term facilities amounting to £51.1m (2012/13 – £33.9m).

INTEREST RATE RISK

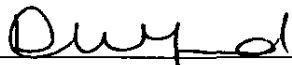
The Group is exposed to interest rate risk principally in relation to borrowings and deposits denominated in Sterling, US Dollar and the Euro. The Group's policy is to use derivative contracts where appropriate to maintain a mix of fixed and floating rate borrowings to manage this risk.

CURRENCY RISK

The Treasury Committee manages currency exposure relating to the Group's trading operations by entering into a combination of fixed forward dated and structured instruments 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 and Japanese Yen. The US Dollar is used primarily for sourcing footwear from outside the USA, examples being the Far East and Brazil. Contracts are placed competitively with relationship banks. Income and expenditure flows in the same currency are offset as far as possible through natural hedging and as a result sales and purchasing activity within the Eurozone is consolidated.

At the balance sheet date, the Group's estimated currency exposure for the Autumn/Winter 2014 and for earlier seasons were covered in line with policy. The total value of fixed dated sale and purchase currency contracts at the balance sheet date was £718.6m (2012/13 – £447.0m).

ROBIN BEACHAM
FINANCE DIRECTOR
21ST MARCH 2014



The Strategic report, as set out on pages 10 to 23 has been approved by the Board.

On Order of the Board,

DEBORAH WAKEFORD
COMPANY SECRETARY
21ST MARCH 2014

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CORPORATE governance

CORPORATE GOVERNANCE

During the year we have reviewed the changes required for listed businesses that are set out in the UK Corporate Governance Code (the Code), looked at practices adopted by other privately owned businesses and also considered what is an appropriate approach for the Company bearing in mind its ownership structure

We are committed to maintaining a high standard of corporate governance that reflects both the principles of best practice that are set out in the Code and the internal governance framework under which we operate and manage the Company, its subsidiaries and all of its business operations, for the long-term benefit of all shareholders

The Company will continue to meet the principles of best practice set out in the Code where it is felt to be in the commercial interests of both the Company and its Shareholders. As set out below, this means that the Board will continue to share via this Annual Report information regarding the Board itself and the Committees which it operates

The Board considers that this Annual Report and the accounts set out herein are fair, balanced and understandable

BOARD OF DIRECTORS

The Board's primary obligations are to enhance all shareholders' interests by

- Reviewing and approving the Group strategy – details of which can be found on pages 10 to 23,
- Approving the financial statements, together with revenue and capital budgets and plans,

- Determining, maintaining and oversight of controls, audit processes and risk management policies to ensure the Company operates effectively, and
- Approval of material agreements, non-recurring projects and capital expenditures

As at 31st January 2014, the Board comprised the Chairman, two Executive Directors, four Non-Executive Directors (two of which are Clarks' family members) and a Company Secretary

The code as it applies to FTSE 350 companies stipulates that at least half of the Board, excluding the Chairman, should comprise independent Non-Executive Directors. The Code defines independent Non-Executive Directors as those who do not represent a significant shareholding or have material business with the Company. In the case of the Group, two Non-Executive Directors are independent within this definition. The Board considers that it is in the interests of the shareholders as a whole that there should be two representatives of the Family Shareholder Council on the Board serving as additional Non-Executive Directors

During the financial year, only one Board change took place. Peter Davies resigned as Chairman of the Company with effect from 6th December 2013 and Thomas J O'Neill, a serving independent Non-Executive Director was appointed as Chairman

Short biographies of each of the Board members are set out on pages 42 to 43

The Board is satisfied that there is an effective and appropriate balance of skills and experience across the members of the Board, including (without limitation) in

the areas of retailing, finance and international trading operations. There is a vacancy on the Board for an independent Non-Executive Director to replace Thomas J O'Neill and at the time of writing this report, the Chairman is preparing a review of the Board that will consider what further skills and experience would be beneficial to the Board. It is anticipated that at least one independent Non-Executive Director will be appointed during the new financial year.

The Company's Articles of Association give power to the Board to appoint Directors and there is a requirement in the Articles for one-third of the Directors to offer themselves for re-election annually by rotation. All Directors are required to offer themselves for re-election at least once every three years, and any new Board Directors appointed during a year are required to offer themselves for election at the next AGM following their appointment. This enables the shareholders to decide on the election of the Company's Board. With regards to those Directors who offer themselves for re-election at the next AGM, the Board believes that the contributions made by those Directors continue to be effective and that the Company and its shareholders should support their re-election.

Historically, the Board has appointed a Nominations Committee to deal with Board appointments on an ad-hoc basis, but the Board has now approved that a permanent Nominations Committee should be established. Further details on this Committee are set out below.

There is a clear division of responsibility between the Chairman – who is responsible for the effective running of the Board – and the Chief Executive Officer – who is responsible for setting and implementing the strategy approved by the Board and overseeing the management of the Company, through the running of the Executive Leadership Team. There is currently no Senior Independent Director nominated, but it is anticipated that one will be appointed during the new financial year.

Board members are encouraged to challenge and to bring independent judgement to bear on all matters, whether strategic or operational. The actions and decisions of all the Non-Executive Directors who served during the year and up to the date of this report are considered to be independent in both character and judgement.

The Board continues to meet regularly during the year through scheduled meetings. The Board manages the Company through a formal agenda of matters reserved for its decision and delegates specific responsibilities to the Board Committees, as detailed in this Report. Prior to the start of each year, a schedule of dates for that year's Board meetings is compiled to align as far as is reasonably practicable with the Company's financial calendar. In addition, formal meetings of the Non-Executive Directors will be undertaken by the Chairman without Executive Directors present.

The Board receives appropriate and timely information prior to each meeting with a formal agenda, with Board and Committee papers being distributed ahead of meetings taking place. Directors may challenge Company proposals and decisions 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 then followed up by management.

The Directors have access to the Group Director of Legal and Company Secretary in order to support the performance of their duties as Directors of the Company. There is an agreed procedure to enable individual Directors to take independent legal and financial advice at the Company's expense, as and when necessary to support the performance of their duties as Directors of the Company.

The Company has in place an effective procedure to deal with conflicts of interest. The Board is aware of the other commitments of its Board members and changes to these commitments are reported to the Board.

A formal evaluation of Board performance will be undertaken annually.

The Group Director of Legal and Company Secretary has responsibility for ensuring that all Board procedures have been complied with.

BOARD COMMITTEES

The Board is supported by Audit, Remuneration, Share Valuation Committee, Board Pensions Committee and currently, an ad-hoc Nomination Committee. The Board has agreed to adopt a permanent Nominations Committee in the new financial year.

Each Committee has access to such information and advice as it deems necessary, at the cost of the Company, which also provides sufficient resources to enable them to undertake their duties. Each Committee has formal terms of reference and is responsible for reviewing the effectiveness of its terms of reference, as appropriate, and for making recommendations to the Board for changes where necessary. 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. A table showing attendees and chairs of each Committee is set out overleaf.

AUDIT COMMITTEE

The Audit Committee has formal terms of reference and meets at least three times a year. Its duties include the review of internal controls and risks throughout the Group, approving the Group's accounting policies and reviewing the annual and interim report and accounts before submission to the Board. The Committee is chaired by Non-Executive Director, Nigel Hall. The Board is satisfied that the Chairman has recent and

CORPORATE **governance** CONTINUED

relevant financial experience to hold this position. The independence and objectivity of the external auditors and the effectiveness of the external audit process are also considered. It is a specific responsibility of the Audit Committee to ensure that an appropriate relationship is maintained between the Group and its external auditors. The Audit Committee controls the provision of non-audit services to safeguard the external auditor's objectivity and independence. The split between audit and non-audit fees for the year under review is set out on page 57. External auditors and Company managers are invited to attend the meetings of the Committee as appropriate.

REMUNERATION COMMITTEE

The Committee meets at least twice a year and its responsibilities are to approve the remuneration and other benefits of the Executive Directors. The Committee also receives reports on the terms and conditions of other senior executives.

SHARE VALUATION COMMITTEE

The Committee meets twice a year with representatives of the valuers of the Company's shares, together with other advisers, to review the general trading background and other appropriate information to assist in valuing shares.

BOARD PENSIONS COMMITTEE

The Committee reviews and agrees any proposal for changes to pension schemes for employees. All significant changes are recommended to the Board for approval.

NOMINATIONS COMMITTEE

Currently the Board convenes Nomination Committees on an ad hoc basis to deal with specific nominations as necessary (such as the appointment of a new Chairman). External advisors are used by the Committee as appropriate. The Board has agreed that a permanent Nominations Committee will be established in the new year and at the date of this Report, formal Terms of Reference and membership for the Nominations Committee are under discussion. It is anticipated that the Nominations Committee will be responsible for establishing a diversity policy for the Company.

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. The Group incurred £0.1m during the year in respect of the running of the Family Shareholders' Council. For a summarised breakdown of the share register please refer

ATTENDANCE AT BOARD/COMMITTEE MEETINGS

The table below shows the attendance record of individual directors at board meetings and committees of which they are members.

	Main Board		Audit Committee		Remuneration Committee		Share Valuation Committee		Board Pensions Committee	
	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance
Number of meetings		6		3		2		2		1
Executive Directors										
Robin Beacham ¹	yes	6	no	3	no	–	no	2	yes	1
Melissa Potter ¹	yes	6	no	3	no	–	no	2	yes	1
Non-Executive Directors										
Peter Davies ²	Chair	5	yes	2	yes	2	yes	2	Chair	1
Thomas J O'Neill ³	yes	5	yes	3	yes	2	yes	2		–
	Chair	1								
Hugh Clark ⁴	yes	5	yes	3	Chair	2	yes	2	no	–
Nigel Hall	yes	6	Chair	3	yes	2	Chair	2	no	–
Stella David	yes	5	yes	2	yes	2	yes	2	no	
Timothy Campbell ⁴	yes	6	yes	3	yes	2	yes	2	no	–

1 Attended the Audit and Share Valuation Committee at the invitation of the Committee

2 Resigned as Chair on 6th December 2013

3 Appointed as Chair on 6th December 2013

4 Representatives of the Family Shareholder Council

to page 44 The Council may nominate two persons for appointment as Non-Executive Directors of the Group During the year the Council has adopted a Visions and Values governance framework that has been noted by the Board

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team consists of the Executive Directors and key regional and functional Directors and meets monthly It is chaired by the Chief Executive Officer and is responsible for the day-to-day management of the Group's business and the overall financial performance of the Group in fulfilment of the strategy, plans and budgets approved by the Board, as well as managing and overseeing trading performance, key risks, management development and corporate social responsibility activities The Chief Executive Officer reports to the Board on issues, progress and recommendations for change which come out of the Executive Leadership Team's activities

SHAREHOLDER RELATIONS

The Group recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood The full annual and interim report and accounts are available to all shareholders and those that elect to do so may have access to a secure online version All shareholders have the opportunity to ask questions at the Company's Annual General Meeting (AGM) which all Directors attend At the meeting the Chief Executive 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, is responsible for determining the nature and extent of significant risks it is willing to take in pursuance 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, reliability of financial information, compliance with appropriate legislation and mitigation of business risks There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group

Key elements of the Group's system of internal controls are as follows

- The organisation structure sets out clearly defined lines of responsibility and delegation of authority,
- The Group has a comprehensive system of financial reporting,

- The annual budget of each region and operating unit is approved by the Executive Directors and the Board approves the overall Group budget,
- Performance against budget is reviewed by the Board at each Board meeting and any significant variances are examined Detailed performance reviews are carried out by management,
- There are clearly defined policies for capital expenditure approval including appropriate authorisation levels Large capital projects and Company acquisitions require Board approval,
- A number of functions, which operate within policies and delegated authorities established by the Board, report to the Board periodically These include treasury operations, corporate taxation, pension fund and risk management, and
- Management are responsible for the identification, evaluation and management of key risks applicable to their areas of the business

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

As indicated in last year's Report, a Group Risk Management Policy has been adopted Whilst ultimate responsibility for risk management remains with the Board, the Company, through its established Risk Management team, continues to embed risk management as an integral part of normal business operations

A business-wide review of internal controls and risk management systems is carried out every year and reviewed by the Audit Committee on behalf of the Board The review indicates areas in which the system of internal controls could be further improved Detailed reviews of the most significant of these areas are conducted during the following year and the results reported to the Audit Committee The Audit Committee continues to review on a regular basis the need for an internal audit function and considers that the current systems and controls in place provide adequate assurance at this time

AUDITOR INDEPENDENCE

The Board is satisfied that the external auditors, KPMG LLP, have adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained The external auditors reported to the Audit Committee annually on their independence from the Company

health and safety

SUMMARY

Following the transition by the business to a global operating model, a review of the current occupational health and safety function was undertaken during the year. Sentinel Safety Solutions, an independent company, were instructed to conduct an audit on the Health & Safety function within Clarks and we are now in the process of working through the recommendations made, and building upon the already excellent practices adopted in our UK and ROI region to ensure that we can achieve a consistent minimum standard of health and safety activity and practice across the Group.

At the time of writing this report, we are in the process of recruiting a Group Head of Occupational Health and Safety. This role holder will have overall responsibility for shaping the strategic vision, implementation and development of the Clarks Group health and safety management systems to ensure that as far as possible that all operations are conducted in a safe and efficient manner, to minimise the likelihood of accidents and incident risks for the organisation.

Clarks continues to recognise the importance of Health & Safety and our policies and procedures are reviewed regularly. Our aim is to manage all aspects of our activities to prevent harm to the public, our customers, contractors and staff. Procedures are in place to enable and encourage two way communication and consultation with regard to health, safety and welfare issues to ensure Health & Safety maintains a prominent consideration in day to day operational activities. Set out below is a summary of our regional health and safety activities.

UK AND REPUBLIC OF IRELAND (ROI)

We are pleased to report that there was no enforcement action taken against the Company during 2013. 24 visits to our retail stores were made by the enforcement agencies and our landlords in 2013, five less than the

previous year. Seven were by Fire Officers, seven by the Local Authorities and 10 by centre management companies.

Reportable accidents (29) reduced by 15% on the 2012 total of 34.

There were 14 reported cases of violence or abuse to retail staff during the year, a decrease of 56% from the previous year's total of 32. The British Retail Consortium (BRC) reports a rate of these incidents to be 38 per 1000 staff in 2012/13. In UK and Republic of Ireland retail the 14 reported cases equates to 1.4 per 1000, well below the BRC national figure.

A total of 674 retail store assessments were completed during the year. All full-price, factory and franchise stores in the UK and Republic of Ireland were assessed, and showed an improvement in compliance against our 2012 audits.

Training courses were run for Area Sales Managers, Franchise Business Managers, Area Health and Safety Specialists and Senior Managers on Health and Safety Management, Risk Assessment in general and Fire Risk Assessments in particular. All Store Managers in Area 25 (South West) were given a day's Health & Safety Training as part of a pilot study which, having proved successful, will be extended to other areas in 2014.

All UK and ROI franchised stores operate identical systems and procedures as the Clarks-owned outlets.

The Retail element of the Asbestos Steering Group has been amalgamated into the quarterly Retail Health & Safety Committee meetings. A number of new initiatives were implemented early in 2012 at store level to inform and train staff and to manage contractors; this was re-briefed in January 2014. No asbestos-related problems were experienced during the year.

AMERICAS

The total number of recorded accidents increased from 152 in 2012 to 214 in 2013 an increase of 62 (41%) Of this 62, 47 were Record Only claims that had no lost time or medical costs associated with them The number of OSHA Recordable and Workers Compensation cases increased by 15 (14.6%) from 103 to 118 This figure should be noted within the context of the average employee population for the Americas Region increasing 11.6% from 2012 to 2013 One of the reasons attributed for the increase in the recorded accidents at the Hanover logistics centre is additional overtime In Retail the Benefits team made a presentation on Workers Compensation in which they emphasised the importance of reporting every incident, no matter how minor

In the Americas region logistics centre 189 employees were trained as new hires, 114 received Powered Industrial Truck / Forklift / Highlift Training All Maintenance employees were re-certified in electrical safety Work continued with an occupational therapist to help evaluate work techniques and body mechanics, training was undertaken of all Fulfillment department packing staff and all employees were trained in the new Hazard Communication United Nations' Globally Harmonised System on the classification and labelling of chemicals (GHS) program changes

EUROPE

All showrooms and offices continue to be inspected twice-yearly in the same way as those in the UK, a responsibility of the Territory Manager / General Manager who liaise with the health and safety team based in the UK as appropriate

All Clarks-owned stores (with Clarks' employees) across Europe are risk-assessed and audited in the same way as in the UK though applying, where necessary, any local statutory requirements The assessments are carried out by the Area Managers

All H&S information and training material provided to the stores has been translated into the local language

ASIA PACIFIC

A regional Health, Safety and Welfare forum has been established to help build on understanding in this rapidly growing part of the business The forum has been led by Doug Searle – VP of Operational Development for Asia and Heidi Neal – Head/VP of HR for Asia Pacific who meets quarterly with representatives from each market The first meeting was launched in April 2013 It was a successful initiative and the forum looks at legal policy changes, impacts within the markets and is used to share and understand what is considered the best practice approach for a given market and the region as a whole within the context of the global approach for the business

SUPPLY CHAIN/LOGISTICS

During the year, additional focus and support has been provided to the Supply Chain function particularly with regards to occupational health matters An Occupational

Health Advisor continues to attend Westway weekly and Watercreek quarterly to assist the management teams to reduce absence levels, and facilitate returns to work for recuperating staff The Health & Safety Committee now meets monthly in Westway and six weekly in Watercreek (previously two-monthly in Westway and Quarterly in Watercreek)

There were 57 accidents in Logistics, eight more than in 2012 (Westway 49 up from 37 and Watercreek eight down from 12) the more serious RIDDOR accidents increased from three to four Despite the increase, no additional safety concerns have been raised or trends identified and the support from the Logistics senior management team in continuous health and safety improvements continues No particular category of incident has significantly increased, Manual Handling remains the highest The Westway increase can be partly explained by the increased presence of Temporary staff Specific targeted Manual Handling Techniques training will be introduced in 2014

An IOSH (Institute of Occupational Safety & Health) four day Managing Safely accredited course was held for both Westway and Watercreek management (six managers) This course provides management with the practical skills to handle health and safety including Hazard Identification, Risk Assessment, Risk Control, Legal Responsibilities, Accident and Incident Investigation and Performance Measurement Five Logistics Managers will attend the same course in early 2014

Health and Safety in the Dongguan office is managed through a H & S Committee which meets quarterly and is chaired by the Asia Sourcing Manager The premises are audited before each meeting when all the usual health and safety subjects are assessed Activities which would be regarded as the norm in the UK also take place in Dongguan e.g. fire wardens, fire drills, trained first aiders and the testing of electrical appliances (PAT testing)

The main body of work for 2013 has been to complete written Risk Assessments for all job roles across the office and these are now in place

Health and Safety policy and procedures – in most instances – UK legislation demands an equal or higher level of compliance than local legislation in China As a result the policies and procedures applied in China are those of C&J Clark International Health & Safety Policy with additions where necessary to cope with special local circumstances e.g. typhoon procedures

No compliance or enforcement issues have been reported from Dongguan

HEAD OFFICE, STREET

Departmental H&S Inspections were carried out twice yearly, in January and July In 2014 this will be undertaken by the Health & Safety department to improve consistency across departments There were no reportable accidents at Head Office in 2013

behaving responsibly

SUMMARY

Behaving Responsibly is about the way we do business, care for each other, our environment and the communities around us. Our commitment and programme of activities play an important part in protecting our reputation with employees, consumers, shareholders and others who have high expectations of the way we behave.

In 2013, we made good progress across priorities that are important to our business and our stakeholders. We also continued to integrate Behaving Responsibly into our strategic plans, reflecting the impact that our progress in this area can have on our overall success as a business. Our approach to responsible business will continue to develop as we grow. We know there's always more that we can do to demonstrate our commitment to Behaving Responsibly, and we welcome your feedback – please email us with your comments via csr@clarks.com.

ABOUT BEHAVING RESPONSIBLY

Our Behaving Responsibly programme is structured around five pillars – Our Operations, Our People, Our Products, Our Community and Our Suppliers. Across all of these pillars we aim to understand what's important to our employees, consumers, shareholders and others, and to take these views into account when identifying our priority areas for action.

We're currently focusing on the following priorities:

- Our Operations – Energy and Greenhouse Gases (GHGs)
- Our People – Engaging Employees in Behaving Responsibly
- Our Products – Raw Materials and Product Packaging
- Our Community – Charitable Giving
- Our Suppliers – Supplier Working Conditions

The following sections demonstrate how we are integrating Behaving Responsibly into the way we do business. You can find out more about the five pillars of our programme, and the 2013/14 activities and performance for each of our current priorities.

2013 REVIEW

OUR OPERATIONS

Running our stores, offices and distribution centres has an impact on the environment, and we take our responsibility to manage and reduce this impact seriously.

2013 PRIORITY ENERGY AND GREENHOUSE GASES (GHGS)

Since 2011, we've reduced energy usage across our UK operations by around 2% and our greenhouse gas (GHG) emissions by 3%, both per m² of floor space. This results from a combination of factors including:

- The continuing roll out of a new shop fit specification, which reduces energy required for lighting and includes high efficiency heating and cooling equipment
- An ongoing programme of building improvements at our HQ in Street, Somerset
- Improving the efficiency of lighting and equipment settings at our UK distribution centre in Street to reduce energy use

HANOVER DISTRIBUTION CENTRE

In the US, we're progressing towards the completion of our new distribution centre in Hanover, Pennsylvania. This facility comes online later in 2014, and at full capacity holds 10 million pairs of shoes.

The design and development of a brand new facility gave us the opportunity to minimise its environmental impact, building energy, water and natural resource saving options in from the outset. In 2013 it was certified as meeting the Gold criteria of Leadership in Energy and Environmental Design (LEED), a third party verification standard for green buildings

ENVIRONMENTAL COMPLIANCE

We are committed to operating within the remit of relevant environmental legislation, and make every effort to comply around the world. In 2013/14 we received one small fine relating to minor waste storage infringement at a specific retail store in the UK

IN 2014, WE WILL

- Continue to focus on reducing energy use and our greenhouse gas emissions across the UK and share with employees the difference that our actions are making
- Measure our US energy usage for the year, giving us a baseline, to monitor our future energy use against
- Introduce a new focus on waste reduction, measuring our impact and identifying opportunities to reduce waste across our operations

OUR PEOPLE

Our people help us to be the world's number one in everyday footwear, and everyone can play a part in helping us to be a responsible business

2013 PRIORITY ENGAGING OUR PEOPLE IN BEHAVING RESPONSIBLY

Our recent people surveys have shown us that our people care about Behaving Responsibly, and are keen to know more about what we're doing in this area. In 2013, we focused on building awareness of Behaving Responsibly with colleagues around the world, and sharing more information about our ambitions, achievements and challenges, and how everyone can support our aims

During 2013, we launched the Behaving Responsibly Network, bringing together individuals from across the business to spread the word about Behaving Responsibly, champion change and help make it an everyday part of our working life

Each of the members of the network plays a key role in demonstrating the importance of Behaving Responsibly, and we're really pleased to have launched it with individuals from a wide range of our regions and functions

LIVING OUR VALUES

Our Code of Business Ethics, 'Living our Values', provides guidance on the ethical standards that we expect employees to demonstrate. In 2013, we launched a refreshed communication campaign to reinforce the importance of reporting concerns about wrongdoing or inappropriate behaviour to our confidential Speak Up service. This service is in place for all employees around the world to raise issues and to report concerns to an independent third party

EMPLOYEES IN THE COMMUNITY

It's important to us that we contribute to the communities we work in, and we encourage our employees to raise money for the causes that they believe in. More information on employee initiatives is included in the Our Community section

IN 2014, WE WILL

- Focus on raising awareness and celebrating our Behaving Responsibly priorities, activities and achievements with our people around the world
- Continue to develop the Behaving Responsibly Network, giving more opportunities for employees around the world to get involved

OUR PRODUCTS

We're committed to developing products that meet our consumers' and customers' expectations, and doing this in ways that are efficient and minimise our impact on the environment

2013 PRIORITY RAW MATERIALS

Animal hides are our most important raw material. The process of turning them into leather – tanning – can have impacts on the environment, but we're continually working to reduce these impacts and keep them to a minimum

We've joined forces with the Leather Working Group (LWG), an organisation that brings together brands, suppliers, manufacturers, pressure groups and other stakeholders and whose watchword is 'Improving Environmental Stewardship'

By pooling our knowledge and expertise, LWG members are helping to improve the leather industry by creating alignment on environmental priorities, building awareness of best practice, and providing guidance for the on-going improvement in managing environmental impacts

In 2013, approximately 55% of leather specified for our footwear was sourced from tanneries that have been audited against the Leather Working Group Environmental Stewardship Protocol

This is the first year that we have included our Americas operations in this % figure – in previous years we have reported excluding this part of the business (2012/13 = 80%)

As the LWG Environmental Stewardship Protocol is not as widely used in our Americas operations, expanding the scope of our reporting to include this important part of our business for 2013/14 has reduced the overall % of leather sourced from tanneries audited against the LWG protocol to 55%

Our target is to source 80% of leather specified for our footwear globally from tanneries audited against the LWG Protocol by the end of 2016

behaving responsibly SUMMARY CONTINUED

2013 PRIORITY PRODUCT PACKAGING

Our shoebox is a great example of our commitment to improving the sustainability of our packaging. Where in the past our standard shoebox contained around 75% recycled content, it's now been redesigned to increase the recycled content to 95%.

In 2013, we also improved the sustainability of the packaging used to move our products from our UK distribution centre to stores outside of the UK, maximising recycled content and reducing the weight of the boxes, saving around eight tonnes of cardboard.

In our Outlet operations in the UK, we began reusing the boxes used to deliver shoes from factory to distribution centre to move the shoes to stores. This saved approximately 15,000 boxes, which is equivalent to around 10 tonnes of cardboard.

USE OF CHEMICALS

We work closely with our suppliers to minimise the use of potentially hazardous chemicals wherever we can, and regularly test samples for compliance with restricted substances requirements. Our aim is to ensure the levels of hazardous chemicals present in our products are below the minimum levels required by consumer protection legislation around the world.

IN 2014, WE WILL

- Continue to work towards our target of sourcing 80% of the leather specified for our footwear globally from tanneries that have been audited against the Leather Working Group Environmental Stewardship Protocol
- Standardise our use of internal support packaging by type of product, with the aim of reducing the amount of tissue and other materials used and maximising recycled content
- Look globally at the boxes that we use to move our products from factories to distribution centres, and from distribution centres to stores, with the aim of maximising recycled content and reducing packaging weights

OUR COMMUNITY

It's important to us that we support charities and initiatives that enable people to live healthy and fulfilling lives in the communities that we're a part of.

2013 PRIORITY CHARITABLE GIVING

In 2013, we continued partnerships with several charities including:

MIRACLEFEET

Miraclefeet, our corporate charity partner, works to give children in developing countries access to inexpensive and effective treatment for clubfoot. Clubfoot is a congenital birth defect that causes one or both feet to turn inwards and backwards, making it difficult or impossible to walk. Untreated, it's one of the leading causes of physical disability.

In 2013/14, we donated £97,000 to Miraclefeet, enough to treat more than 640 children. This included a £25,000 donation to support their work in the Philippines following the destruction caused by Typhoon Haiyan in November 2013.

We also ran a donation campaign in all stores selling children's shoes in the USA. Consumers donated \$1 for each pair of children's shoes purchased, raising over £32,000 (approx. \$52,000).

UNICEF

We're proud to partner with UNICEF on the Shoe Biz campaign in the UK and Ireland. Since 2008, our employees and consumers have been donating unwanted shoes to raise money in order to give children around the world the opportunity to learn.

Using proceeds raised from the sale of donated shoes, we raised more than £144,000 in 2013, bringing our cumulative total to over £640,000 since 2008.

TRIANGLE INC

Triangle, a US based charity, helps people with disabilities lead more independent lives, through services including a School-to-Career programme for young adults with disabilities and employment training and planning services.

We support Triangle in various ways, including selling discount coupons to consumers in US stores over the holiday season, which raised approx. £690,000 (over \$1,150,000) in 2013.

SOUL OF AFRICA

Soul of Africa teaches shoe making skills and provides sustainable employment opportunities for workers in several countries in Africa

By purchasing Soul of Africa products for sale in stores in the UK and USA, we help generate funds for the Soul of Africa Trust. The Trust funds projects to assist orphans and vulnerable children mainly affected by the AIDS pandemic

In addition, each time we sell a pair of Soul of Africa shoes in a UK store we make a donation to support the Trust's work, contributing more than £50,000 in 2013/14

TRUSTS ASSOCIATED WITH C&J CLARK LTD

The principal purpose of the Trusts is to benefit current and past employees, their families and the communities in which they live. The Trusts are associated with C&J Clark Ltd, and are funded independently of the Company. Across all the trusts, grants in excess of £1.25 million have been made or offered in the year ending 31st January 2014.

The Clark Foundation makes capital grants for the benefit of communities in the areas of community welfare, recreation, education and health. In 2013/14 over 160 grants have been made, totalling in excess of £575,000. Other trusts support employees with grants towards education costs for themselves or their children. In this area, more than 650 grants have been made in 2013/14, totalling more than £685,000.

EMPLOYEE FUNDRAISING

We encourage our employees to raise money for the causes they believe in, and are proud of the contribution they make to communities. In the 2013/14 financial year, Clarks employees around the world raised funds for great causes including Gesanghua Education Aid, a charity based in the rural Qinghai province of China which helps students from poor backgrounds to access education.

IN 2014, WE WILL

- Increase our charitable giving donations, giving 0.3% of 2012/13 pre-tax profits to charity in 2014, as part of a long-term commitment to increasing our giving
- Launch an evolution of our charitable giving approach, enabling employees to have a voice in choosing the good causes that we support around the world

OUR SUPPLIERS

We attach real importance to the welfare of our employees, and those employed by our suppliers.

2013 PRIORITY SUPPLIER WORKING CONDITIONS

While most of the design and development of our products takes place within the Clarks business, we outsource all of the manufacturing. We believe it's our responsibility to understand the welfare and working conditions of those who make our products, and we do this by auditing our supplier factories. Our vendor audit activities are a crucial part of giving our consumers, customers and other stakeholders the confidence that our products are made in conditions that align with their expectations as reflected in our Code of Practice.

Clarks Code of Practice sets the standards that we expect of suppliers manufacturing our products. The Code of Practice requires compliance with all legal and regulatory requirements, and supports the core principles of the United Nations International Labour Organisation (ILO) conventions. This has now been made publicly available on the Clarks website.

Our audit programme currently covers factories producing the majority of Clarks footwear and handbags as well as selected goods not for resale suppliers in locations around the world and includes assessment of social, labour and health & safety standards.

In 2013, we continued to extend the scope of our audit programme to include more suppliers and production factories. During the year we audited factories that provide 99.3% of our footwear products, including those made for our Outlet stores, exceeding the target of 98% set for the year. We also increased the proportion of non-footwear suppliers audited by improving our coverage of factories that manufacture handbags and selected goods not for resale.

IN 2014, WE WILL

- Maintain the level of coverage of our audit programme to include suppliers producing at least 99% of footwear
- Extend the scope of our audits to include the environmental assessment criteria piloted during 2013
- Extend the scope of coverage to start to include selected Clarks nominated second tier suppliers
- Extend the scope of our audits to include security criteria relevant to customs trade requirements

FURTHER INFORMATION

For more information or to give feedback on our Behaving Responsibly strategy, activities and performance, please visit www.clarks.co.uk or contact the CSR team via csr@clarks.com

remuneration

REPORT

It is the policy of the Remuneration Committee to consider and approve remuneration packages and other contractual terms that attract, retain and motivate managers of the calibre required to successfully manage an international Group of the size and complexity of C&J Clark Limited. The Committee comprises all of the Non-Executive Directors and is chaired by Hugh Clark. It is responsible for approving an appropriate level of remuneration for the Executive Directors within the principles the Committee has determined. In doing so the Committee aims to ensure that remuneration packages are balanced, but not excessive, and that incentive schemes are structured so that they reflect the levels generally paid to such executives. The Remuneration Committee includes family Directors and has strong links to the Family Shareholder Council and as a result shareholder's views on remuneration are taken into account.

In conjunction with the formal establishment of the new global operating model, in the year the committee approved a change to the performance related pay schemes. Both the annual bonus scheme and the Long Term Incentive Plan were updated to align to Global business performance. Further details of these changes can be found in the Performance Related bonus and Long Term Incentive Plan sections overleaf.

The Committee keeps itself fully informed of all relevant developments and best practice in the field of remuneration and seeks advice where appropriate from external advisers and from the HR Director and the Company Secretary. When approving the revised schemes the committee sought advice from external advisers and benchmarked the scheme with the industry to ensure it was competitive but not excessive.

DIRECTORS' 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 two tables opposite.

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
- Defined benefit pension schemes
- Directors' pension entitlements

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. All Executive Directors' service contracts require the Company to give 12 months' notice to terminate the contracts until the age of 60, when no notice period is required. Dates of service contracts for Directors who have served during the year are as follows:

- Robin Beacham 1st July 2001
- Melissa Potter 1st June 1999

Directors' Emoluments

	Salary Salaries £ 000	Supplements £ 000	Benefits £ 000	Performance- related bonuses £ 000	Long Term Incentive Plan	Total 2014 £ 000	Total 2013 £ 000
Executive Directors							
Melissa Potter ¹	659	399	12	118	119	1,307	1,986
Robin Beacham ¹	467	311	18	84	88	968	1,446
Non-Executive Directors							
Thomas J O'Neill ²	72	-	-	-	-	72	40
Peter Davies ³	245	-	-	-	-	245	178
Hugh Clark ⁴	48	-	-	-	-	48	47
Nigel Hall ⁵	50	-	-	-	-	50	49
Timothy Campbell	41	-	-	-	-	41	40
Stella David	41	-	-	-	-	41	37

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

1 Robin Beacham and Melissa Potter's salary supplements compensate for restrictions introduced under the 1989 Finance Act on pensions provided through the Fund, please see page 39

2 Thomas J O'Neill was appointed Chairman on 6th December 2013. Of his remuneration during the year £31k was in respect of his role as Chairman and £41k was in respect of his role as a Non-Executive Director. His annual remuneration as Chairman has been set at £200k.

3 Peter Davies resigned as Chairman on 6th December 2013. His remuneration includes £76k in respect of the unexpired portion of his contract until the AGM on 2nd May 2014.

4 Hugh Clark's salary includes £7k (2013 - £7k) for remuneration in his capacity as chair of the Remuneration Committee.

5 Nigel Hall's salary includes £9k (2013 - £9k) for remuneration in his capacity as chair of the Audit Committee.

Long-term Incentive Plans

	Provision brought forward £ 000	Provided in the year £ 000	Paid in the year £ 000	Provision carried forward £ 000
Executive Directors				
Melissa Potter	1,270	119	(730)	659
Robin Beacham	885	88	(503)	470

SALARIES AND BENEFITS

Salaries and benefits for Executive Directors are reviewed annually and external advice taken as appropriate. Directors' remuneration packages are benchmarked against companies of a similar size and complexity, external market conditions and the level of employee pay. Melissa Potter's base salary increased in the year by 3% in line with the average pay increase of UK based employees.

PERFORMANCE RELATED BONUSES

Melissa Potter and Robin Beacham participate in an annual bonus scheme dependent on the financial performance of the Group compared with budget. Awards are made on a sliding scale up to 60% of salary, based on Group operating profit less 15% notional interest on a notional debt amount of 40% of Group average operating capital. For achievement of 85% of budgeted Group operating profit less notional interest, a bonus of 15% of salary is payable. No bonus is payable if the result is lower. The bonus payable increases by 1 percentage point for every additional £850,000 by which the actual result exceeds the minimum performance target. For achievement of the budgeted Group operating profit less notional interest, a bonus of 30% of salary is payable. Thereafter, a 1% increase in

bonus award is payable for every additional £637,500 increase in the profit after notional interest up to the maximum 60% of salary at a result 15% above budget. The target is derived from the published budget of the Group for the year. This method has been in use for 17 years and was chosen as the most consistent measure of underlying trading growth in the business including the effect of changes in operating capital employed within the Group.

Group operating profit less notional interest equates to 90.1% of target for bonus purposes. The bonus payable is 18.1% of salary and is reflected in the Directors' emoluments table above.

LONG-TERM INCENTIVE PLAN

Melissa Potter and Robin Beacham are participants in this scheme which provides a benefit of up to a maximum of 3.5 times annual salary dependent on Group profit after tax compared with the five year strategic plan, over a three year period. The maximum award is payable if actual profits exceed 120% of strategic plan profits over the three year performance period. No award is payable if actual profits are less than 85% of strategic plan profits.

remuneration REPORT CONTINUED

For profit performance exactly in line with the strategic plan over the performance period, each of the Executive Directors will receive a payment of 1.25 times annual salary. Performance periods, each of a three year duration, have commenced annually on 1st February since 2007. The fifth performance period came to an end on 31st January 2014 and awards relating to this performance period are made in March. The achievement rate for the performance period was 88.67% resulting in an amount payable in the year of 30% of salary.

Senior managers and selected managers are members of the scheme which provides a benefit dependent on the financial performance compared with the 5 year strategic plan, over a three year period. The maximum benefit payable is 2.5 times salary for senior managers and 1.5 times salary for managers. For profit performance exactly in line with the strategic plan over the performance period, senior managers will receive a payment of 1.0 times annual salary and managers 0.75 times annual salary. The sliding scale is adjusted accordingly.

There is one performance period running currently commencing 1st February 2012.

GLOBAL LONG-TERM INCENTIVE PLAN

During the year the Remuneration Committee approved the new Long-Term Incentive Plan for the period beginning 1st February 2013. This is a global cash-based plan and has the same measures and same criteria for entry for all global participants in the plan. The committee sought advice on the scheme from external consultants and benchmarked the plan against the industry to ensure that it was a competitive and attractive scheme for participants. The plan provides a benefit of up to a maximum of three times annual salary dependent on Group profit after tax and return on capital employed compared with the five year strategic plan, over a three year period. Post-tax profit is the basis for 80% of any potential award and return on capital employed is the basis for 20% of any potential award. The maximum award is payable when Group profit after tax exceeds 120% and return on capital employed exceeds 24.5% over the three year performance period. No award is payable when actual profits are less than 85% of the strategic plan and return on capital employed is below 17.3%. The return on capital employed measure will not be payable if actual profits are less than 85%. For profit performance exactly in line with the strategic plan over the performance period, each of the Executive Directors will receive a payment of 1.2 times annual salary.

There are two performance periods running currently commencing 1st February 2013 and 1st February 2014.

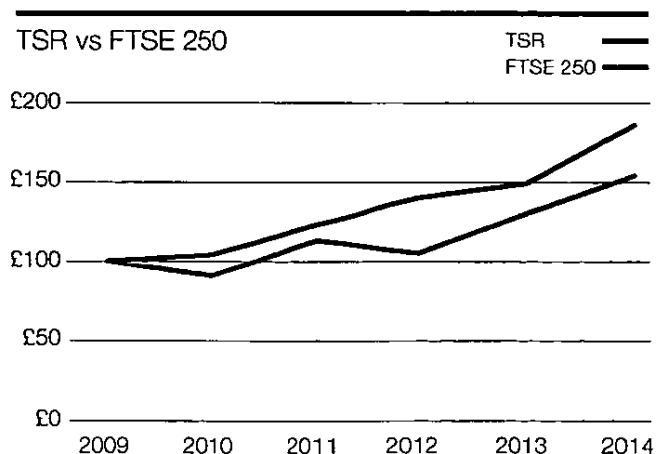
Senior managers and selected managers are members of the scheme which provides a benefit dependent on the financial performance compared with the five year strategic plan, over a three year period. The benefit payable is based on the individual's role with the maximum benefit being between 0.5 times and 2.25 times annual salary. For profit performance exactly in line with the strategic plan over the performance period, the benefit payable will be between 0.2 and 0.9 times annual salary. The sliding scale is adjusted accordingly.

SHARE INCENTIVE PLAN

During the year the Group operated 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 transferred to the employee.

TOTAL SHAREHOLDER RETURN

Total Shareholder Return (TSR) is a performance measure based on the market value of an investment in shares of a company over a given period, in this case, five years. 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. The TSR graph is based on an initial purchase of 100 shares in C&J Clark Limited on 1st February 2009. Comparison shown is against the movements in the FTSE 250 share index as the market capitalisation, based on the share price calculated bi-annually by PricewaterhouseCoopers, would make C&J Clark Limited a FTSE 250 company.



The comparison shows C&J Clark Limited outperforms the market trend from 2009 to 2014. The TSR shows steady growth whilst the FTSE 250 is more volatile showing a decline from 2009 to 2010 but returning to the levels experienced at the beginning of the five year period by 2012. At 31st January 2014 the TSR over the previous five years is more than the return given by the FTSE 250. If £100 had been invested in C&J Clark Limited shares in 2009 it would now be worth £186, whereas the same amount invested in FTSE 250 companies over the same period would now, on average, be worth £154.

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

DIRECTORS' PENSION ENTITLEMENTS

The C&J Clark Pension Fund ("the Fund") is a contributory occupational pension scheme governed by an independent trust, the rules of which now include special provisions for Fixed Protection Members.

Melissa Potter and Robin Beacham participated in the Fund until 5th April 2012 when they opted to become Fixed Protection Members and accrue no further benefits. The pensions valued at 5th April 2012 will be increased annually up to the 5th April prior to retirement, by reference to the CPI measure of inflation.

Their normal retirement age under the Fund is 60 and early retirement is permitted at the age of 55.

For death before retirement, a capital sum equal to four times salary is payable. A spouse's pension is also payable and this continues to be limited by reference to the legacy HMRC Earnings Cap restriction. For death in retirement, a spouse's pension of 50% of the member's pre-commutation pension is payable. In the event of death after leaving service but prior to commencement of pension, a spouse's pension of 50% of the accrued preserved pension is payable. In all circumstances, children's allowances are also payable up to the age of 18.

Post-retirement pension increases are guaranteed at the rate of price inflation subject to a limit of 8.5% per annum compound between the date of retirement and each annual pension review.

The Group has awarded salary supplements to reflect restrictions placed on pensions provided through the Fund by the continued application of limits introduced under the 1989 Finance Act.

The salary supplement for Melissa Potter and Robin Beacham are included in the Directors' emoluments table on page 37.

The assumptions underlying the transfer values are market dependent and therefore change from year to year.

NON-EXECUTIVE DIRECTORS

The remuneration of the Chairman is determined by the Committee. The Chairman has a three year service contract. The Executive Directors determine remuneration of the other Non-Executive Directors of the Company. Remuneration 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. They do not participate in the Group's bonus scheme or other incentive schemes.

This report will be laid before the shareholders for approval at the Annual General Meeting to be held on 2nd May 2014. At the Annual General Meeting on 3rd May 2013 99.96% of votes cast by shareholders were in favour of approving the Remuneration Report for the year ended 31st January 2013.

On behalf of the Board

HUGH CLARK
CHAIR OF THE REMUNERATION COMMITTEE
21ST MARCH 2014

Defined Benefit Pension Schemes

	Age at 31st January 2014 £ 000	Normal Retirement age ¹ Years	Accrued pension at 31st January 2013 £ 000	Accrued pension at 31st January 2014 £ 000	Increase in accrued pension over the year to 31st January 2014 £ 000	Increase in accrued pension over the year to 31st January 2014 (excluding inflation) £ 000 p.a.	Capital value ² relating to increase in accrued pension less Director's own contributions £ 000
Melissa Potter	46	60	86.4	90.9	4.5	0.0	0.0
Robin Beacham	54	60	86.4	90.9	4.5	0.0	0.0

¹ The Normal Retirement Age for the Directors is the earliest age at which they can take their benefits without consent and without reduction. There are no additional benefits to which either Director would become entitled to on early retirement.

² For the purpose of this disclosure the accrued pension is valued using a fixed factor of 20.1. The increase in capital value excludes any increase which is directly attributable to the revaluation of the pension in recognition of inflation as measured by the Consumer Prices Index (CPI).

The base period used for the revaluation is set out in the rules of the C&J Clark Pension Fund and in Statutory Regulations.

The Board

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board OF DIRECTORS

MELISSA POTTER joined the Group as a graduate in 1988 and carried out various management roles before becoming Managing Director of the UK Division in 2002. She was appointed to the Board as Managing Director, Clarks International on 21st June 2006 and was appointed Chief Executive on 1st April 2010.

THOMAS J O'NEILL was appointed to the Board as an independent Non-Executive Director on 10th May 2004. On 6th December 2013 he was appointed the Non-Executive Chairman of the Company. He has more than 25 years' experience in international retailing and brand management, most recently as Chief Executive and Director of Harry Winston, Inc. where he also concurrently held the position of President and Director of Harry Winston Diamond Corporation. Prior to Harry Winston, he was Worldwide President of Burberry, Chief Executive at LVMH Fashion Division in the Americas, Chief Executive of LVMH Jewellery Division, Chief Executive of Marc Jacobs and, Executive Vice-President of Tiffany & Company. He currently serves as an independent Non-Executive Director on the Board of Aurum Holdings Ltd. which owns Mappin & Webb, Goldsmiths and Watches of Switzerland.

ROBIN BEACHAM joined the Group in 1990 from Arthur Andersen and carried out a number of financial management roles before becoming Financial Controller in 1996. He was appointed to the Board as Finance Director on 28th June 2001.

STELLA DAVID was appointed to the Board as an independent Non-Executive Director on 1st March 2012. She has over 25 years' experience in branded consumer goods, with a focus on strategy and brand management. She is currently the CEO of William Grant & Sons, a family-owned, international spirits company and prior to that was the Global Chief Marketing Officer of Bacardi Ltd. She is a Non-Executive Director of HomeServe plc and has also served as a Non-Executive Director of Nationwide Building Society.

NIGEL HALL was appointed as an independent Non-Executive Director on 1st March 2006 and is Chairman of the Audit Committee and of the Share Valuation Committee of the Board. 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 the Non-Executive Chairman of Countrywide Farmers plc, Non-Executive Chairman of Michelmores LLP and a Director of Exeter Rugby Group PLC.

HUGH CLARK was appointed as a Non-Executive Director on 9th May 2005. He was a member of the Family Shareholder Council from its inception in 1993 until joining the Board. He joined Clarks as a graduate in 1985 and spent eleven years in the business before joining Rohan in 1996. He became a Director in 1997 and was Managing Director of Rohan from 2001 until 2007.

TIMOTHY CAMPBELL was appointed as a Non-Executive Director on 6th May 2010. He was a member of the Family Shareholder Council from 2007 until joining the Board. He is Managing Director of Maymont Capital Advisors AG, where he advises venture capital and private equity funds on investments in emerging markets.

COMPANY SECRETARY

DEBORAH WAKEFORD joined as Group Director of Legal and Company Secretary on 10th December 2012, having previously worked as in-house counsel for various businesses including Compass Group PLC and RAC PLC. She is a commercial lawyer with international experience and a particular interest in consumer matters, intellectual property and corporate governance.

directors'

REPORT

DIRECTORS' REPORT

The Directors present their Annual Report to shareholders together with the audited financial statements for the year ended 31st January 2014

PRINCIPAL ACTIVITIES

The principal activities of the Company and its' subsidiaries are worldwide shoe retailing, wholesaling and related trades. Further details of the operations and the trading results are set out on pages 10 to 23. The profit after tax for the Group for the year was £88.7m. A list of the major overseas subsidiaries of the Group can be found on page 74.

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 Strategic Report.

DIRECTORS

The current Directors of the Group are listed on pages 42 and 43. Peter Davies resigned as Chairman of the Board with effect from 6th December 2013. Thomas J O'Neill, an existing independent Non-Executive Director was appointed Chairman of the Board on the recommendation of a Nominations Committee that was established.

In accordance with the Company's Articles of Association, Thomas J O'Neill and Hugh Clark retire by rotation at the forthcoming Annual General Meeting. Both seek re-election. At the last Annual General Meeting shareholders approved an extension to the term of appointment of one year for Thomas J O'Neill which will expire in May 2014. In accordance with the Company's Articles, the period of time whilst Thomas J O'Neill serves as Chairman of the Board will not count towards this extended period.

Hugh Clark is due to resign from the Board having sat as a Non-Executive Director for the maximum nine year term provided for in the Articles of Association. The Board will be proposing a special resolution at the Annual General Meeting to allow Hugh's appointment to be extended for a further year.

Details of the Director's service contracts are given in the Remuneration Report on pages 36 to 39.

SHARE REGISTER

As at 31st January 2014 the composition of the share register of C&J Clark Limited was

Family	84.1%
Institutions	3.3%
Share Schemes	1.2%
Trusts associated with C&J Clark Limited	4.0%
Employees	7.4%
Total	100.0%

SHARE BUYBACK

There was no share buybacks in the year.

FIXED ASSETS

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

EMPLOYEES

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

The gender diversity of the Group as at 31st January 2014 was as follows:

	Female	Male
Board	29%	71%
Senior management	27%	73%
All employees	67%	33%

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 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 32 to 35.

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 21 to the financial statements. There were no changes to Director's share interests between the end of the financial year and 9th March 2014 (being one month before the date of the notice of the Annual General Meeting).

Directors' Interests

	At 31st January 2014	At 31st January 2013
Nigel Hall	3,000	3,000
Robin Beacham	4,945	1,026
Thomas J O'Neill	–	–
Hugh Clark	331,172	323,172
Melissa Potter	10,621	2,228
Timothy Campbell	2,588,385	2,622,609
Stella David	–	–

DONATIONS

Donations for charitable purposes made by the Group during the year amounted to £320,000. No donations were made for political purposes.

CREDITOR PAYMENT POLICY

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

- Settle terms of payment with suppliers
- Ensure that suppliers are aware of the terms of payment
- Make every effort to meet agreed payment dates provided that the agreed terms and conditions have been met by the suppliers

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance that reflects both the principles of best practice that are set out in the Code and the internal governance framework under which it operates and manages the Company, its subsidiaries and all of its business operations, for the long-term benefit of all shareholders. The Corporate Governance report is set out on pages 26 to 29. The Board considers that this Annual Report and the accounts are fair, balanced and understandable and provide the necessary information for shareholders to assess the Company's performance, business model and strategy.

GOING CONCERN

The Directors have a reasonable expectation 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 the Directors are aware, there is no relevant audit information (information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

A resolution to re-appoint KPMG 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 2nd May 2014 at the Company's offices at 40 High Street, Street, Somerset, BA16 0EQ.

By Order of the Board

DEBORAH WAKEFORD
COMPANY SECRETARY
21ST MARCH 2014



STATEMENT OF directors' responsibility

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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).

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 2014 set out on pages 50 to 73. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 46, 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 2014 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006 AND UNDER THE TERMS OF OUR ENGAGEMENT

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, and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 and the terms of our engagement require 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 and the part of the Remuneration Report which we were engaged to audit 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

100 Temple Street, Bristol BS1 6AG

21st March 2014

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GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31st January 2014

	Notes	2014 £m	2013 £m
Turnover	1(b)	1,546 6	1,463 9
Less Joint Venture	1(b)	(5 6)	(3 3)
Group Turnover	1(b)	1,541 0	1,460 6
Costs less other income	2(a)	(1,411 5)	(1,331 7)
		129 5	128 9
Long-term incentive schemes	2(a)	(1 1)	(6 6)
Group Operating profit	2(a)	128 4	122 3
Share of Operating Loss in Joint Venture	2(f)	(0 6)	(0 7)
Profit on disposal of fixed assets		-	-
Profit before interest	1(a)	127 8	121 6
Other net finance costs	3	(8 0)	(8 0)
Profit before taxation		119 8	113 6
Taxation	4	(31 1)	(31 7)
Profit for the financial year		88 7	81 9
Earnings per ordinary share	6	149 3p	137 8p

The notes on pages 54 to 73 form part of these financial statements

BALANCE SHEETS

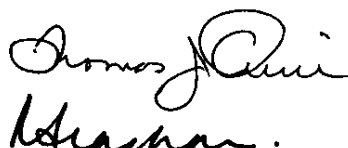
As at 31st January 2014

	Notes	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Fixed assets					
Intangible assets	7	1 2	0 5	–	–
Tangible assets	8(a)	309 3	284 7	–	–
Investments					
Joint Ventures					
– Share of Gross Assets		4 1	4 2	–	–
– Share of Gross Liabilities		(4 4)	(3 5)	–	–
– Net Investment		(0 3)	0 7	–	–
Other	9	1 7	2 3	79 1	78 8
		311 9	288 2	79 1	78 8
Current assets					
Stock	10	417 2	375 5	–	–
Debtors	11	161 8	175 4	468 0	386 9
Cash at bank and in hand		61 7	84 5	22 8	4 7
		640 7	635 4	490 8	391 6
Creditors – amounts falling due within one year	12	(259 5)	(263 0)	(345 0)	(297 8)
Net current assets		381 2	372 4	145 8	93 8
Total assets less current liabilities		693 1	660 6	224 9	172 6
Creditors – amounts falling due after more than one year	13	(79 5)	(81 8)	(72 4)	(66 4)
Provisions for liabilities and charges	14	(27 4)	(29 5)	–	–
Net assets excluding pension liability		586 2	549 3	152 5	106 2
Pension liability	20	(80 4)	(78 1)	–	–
Net assets including pension liability		505 8	471 2	152 5	106 2
Capital and reserves					
Called-up share capital	16	59 4	59 4	59 4	59 4
Share premium account	17	0 8	0 8	0 8	0 8
Capital redemption reserve	17	18 1	18 1	18 1	18 1
Merger reserve	17	15 1	15 1	–	–
Profit and loss account	17	412 4	377 8	74 2	27 9
Equity shareholders' funds		505 8	471 2	152 5	106 2

The notes on pages 54 to 73 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 21st March 2014

THOMAS J O'NEILL
ROBIN BEACHAM



GROUP CASH FLOW STATEMENT

For the year ended 31st January 2014

	Notes	2014 £m	2013 £m
Cash flow from operating activities	22	92.5	107.2
Returns on investments and servicing of finance	23(a)	(1.9)	(2.2)
Taxation		(21.7)	(18.6)
Capital expenditure and financial investment	23(b)	(64.4)	(94.5)
		4.5	(8.1)
Equity dividends paid		(24.4)	(22.3)
Net cash outflow before financing		(19.9)	(30.4)
Financing	23(c)	6.0	(4.1)
Decrease in cash in the year		(13.9)	(34.5)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET BORROWINGS

For the year ended 31st January 2014

	Notes	2014 £m	2013 £m
Decrease in cash in the year		(13.9)	(34.5)
Cash flow from (increase)/decrease in debt	23(c)	(6.0)	4.1
Change in net borrowings resulting from cash flows		(19.9)	(30.4)
Currency translation adjustments		(0.5)	0.6
Increase in net borrowings in the year		(20.4)	(29.8)
Opening net borrowings		(39.3)	(9.5)
Closing net borrowings	24	(59.7)	(39.3)

The notes on pages 54 to 73 form part of these financial statements

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31st January 2014

	2014 £m	2013 £m
Profit for the financial year	88 7	81 9
Currency translation adjustments	(14 0)	(1 2)
Actuarial loss on pension schemes (net of deferred taxation)	(16 0)	(11 6)
Corporation tax credit arising on pension contributions in excess of current year pension charge	(4 5)	(4 6)
Related deferred tax charge on pension contributions in excess of current year pension charge	4 5	4 6
Total recognised gains and losses arising during the financial period	58 7	69 1

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

For the year ended 31st January 2014

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Total recognised gains and losses arising during the financial year	58 7	69 1	70 4	(0 2)
Dividends paid	(24 4)	(22 3)	(24 4)	(22 3)
Share-based payment	0 3	0 2	0 3	0 2
Net increase in equity shareholders' funds during the financial period	34 6	47 0	46 3	(22 3)
Opening equity shareholders' funds	471 2	424 2	106 2	128 5
Closing equity shareholders' funds	505 8	471 2	152 5	106 2

GROUP NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 31st January 2014

	2014 £m	2013 £m
Profit on ordinary activities before taxation	119.8	113 6
Difference between historical cost depreciation charge and actual depreciation charge for the year	—	—
Historical cost profit on ordinary activities before taxation	119 8	113 6
Historical cost profit for the year retained after taxation	88 7	81 9

The notes on pages 54 to 73 form part of these financial statements

accounting POLICIES

BASIS OF PREPARATION

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

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 2014 comprises 52 weeks (2013 – 53 weeks)

These financial statements have been prepared under the going concern basis as discussed in the Directors' Report

The following accounting policies have been applied consistently throughout the year. There have been no changes in accounting policies since last year.

BASIS OF CONSOLIDATION

The Group financial statements comprise a consolidation of the financial statements of the parent Company and all of its subsidiaries, together with the Group's share of the results of its joint ventures. The principal subsidiaries are listed on page 74.

INVESTMENTS IN SUBSIDIARY COMPANIES

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

JOINT VENTURES

A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, is included in investments in the consolidated balance sheet.

REVENUE RECOGNITION

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.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Profit and losses of overseas subsidiaries are translated into sterling at average rates of exchange.

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 the Group Statement of Total Recognised Gains and Losses on page 53, together with any related tax charges or credits. All other exchange differences are recognised in the Profit and Loss Account.

FINANCIAL INSTRUMENTS

The Group uses financial instruments to manage its exposure to fluctuations in foreign currency exchange rates. Currently the only instruments used are forward currency contracts and currency option contracts. Gains and losses on forward contracts and options, entered into as hedges of future purchases and sales denominated in foreign currency, are carried forward and taken to the Profit and Loss Account on maturity to match the underlying transactions. The Group has taken advantage of the exemption available for short-term debtors and creditors.

FIXED ASSETS AND DEPRECIATION

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

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

CAPITALISATION OF SOFTWARE COSTS

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

LEASED ASSETS

Fixed assets held under finance leases have been capitalised and depreciated over their expected useful lives. The related lease obligations have been included in creditors. The finance charges have been charged to the Profit and Loss Account over the primary period of the lease. Operating lease rentals have been charged to the Profit and Loss Account as incurred.

INTANGIBLE FIXED ASSETS

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

When a franchisee enters into an agreement with the 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 and the cost is amortised over the length of the agreement which is five years.

LEASE INCENTIVES

Where the Group receives an incentive to take on a property lease by way of a capital contribution or a discounted or free rental period, the benefit is spread over the earlier of the period to the first rent review or to the end of the lease as a reduction in rental costs.

RESEARCH AND DEVELOPMENT

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

STOCK

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

DEFERRED TAXATION

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

PENSION COSTS

The cost of providing pension benefits has been charged to the Profit and Loss Account in accordance with the requirements of FRS 17 'Retirement Benefits'.

SHARE-BASED PAYMENTS

The Group operates an All Employee Share Incentive Plan (SIP). Under the scheme employees are given a free matching share for each partnership share purchased at market value. This has been accounted for under FRS 20 Share-based payments. Under the standard the matching shares qualify as equity-settled share-based payments to be recognised at fair value at the date of grant. Effectively the fair value of a matching share is the cost of the partnership share. The cost of the share-based payments must be spread over the period until the shares are owned by the employee (the vesting period). The vesting period for the matching shares is four years. This has resulted in a current year charge of £0.3m (2013 – £0.2m).

COMPANY PROFIT AND LOSS ACCOUNT

In accordance with Section 408 of the Companies Act 2006, a separate Profit and Loss Account has not been published for the Company.

NOTES TO THE financial statements

In these notes to the financial statements, the headings '2014' refer to the year ended 31st January 2014 or the balance sheet as at 31st January 2014 and the headings '2013' refer to the year ended 31st January 2013 or the balance sheet as at 31st January 2013

1 Analysis of turnover, profit and capital employed

The turnover and profits of the Group derive from its activities in the shoe trade

a) Analysis of profit by ultimate geographical market

	Profit before interest and taxation 2014 £m	Profit before interest and taxation 2013 £m (Restated)
UK & ROI	103.1	94.8
Americas	72.2	82.1
Europe	30.8	35.2
Asia Pacific	35.3	29.4
Group Items	(113.0)	(119.2)
Group operating profit	128.4	122.3
Share of Joint Venture		
Asia Pacific	(0.6)	(0.7)
Profit before interest and tax	127.8	121.6

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

Group items comprise group and enabling function overheads, group footwear items and group non footwear items

b) Analysis of turnover and capital employed

	Turnover by ultimate geographical market 2014 £m	Turnover by ultimate geographical market 2013 £m (Restated)	Turnover by geographical area of origin 2014 £m	Turnover by geographical area of origin 2013 £m (Restated)	Capital employed by geographical area 2014 £m	Capital employed by geographical area 2013 £m (Restated)
UK & ROI	644.6	623.5	783.6	763.0	309.2	280.6
Americas	625.9	588.3	614.0	570.3	321.7	288.2
Europe	145.5	143.4	70.2	64.1	19.2	20.2
Asia Pacific	125.0	105.4	73.2	63.2	15.5	13.9
Group turnover	1,541.0	1,460.6	1,541.0	1,460.6	665.6	602.9
Share of Joint Venture						
Asia Pacific	5.6	3.3	5.6	3.3	(0.3)	0.7
	1,546.6	1,463.9	1,546.6	1,463.9	665.3	603.6

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

c) Reconciliation of capital employed and net assets

	2014 £m	2013 £m
Capital employed (see note 1(b))	665.3	603.6
Net cash (see note 24)	(59.7)	(39.3)
Deferred taxation (see note 15)	(19.4)	(15.0)
Pension liability (see note 20)	(80.4)	(78.1)
Net assets	505.8	471.2

2 Operating profit and costs

a) Costs less other income

	Total 2014 £m	Total 2013 £m
Turnover	1,541 0	1,460 6
Cost of sales	(790 5)	(751 7)
Gross profit	750 5	708 9
Distribution costs	(419 6)	(365 9)
Administrative costs	(202 5)	(220 7)
Group operating profit	128 4	122 3

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

	2014 £m	2013 £m
Long-term Incentive Plan	1 6	3 5
Clarks Companies North America Incentive Plan	(0 5)	3 1
	1 1	6 6

These schemes are detailed in the Remuneration Report on pages 36 to 39

b) Other costs charged in arriving at operating profit include

	2014 £m	2013 £m
Depreciation and impairments of owned assets	35 4	30 6
Auditor's remuneration		
Audit of these financial statements	0 6	0 6
Amounts receivable by auditor in respect of		
Other services	0 1	0 1
Operating lease rentals		
Land and buildings	87 2	94 5
Plant and equipment	1 8	2 1
Operating lease rental income		
Land and buildings	(2 6)	(3 2)
Share-based payment		
Equity-settled	0 3	0 2

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

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

	2014 Number	2013 Number
Sales and distribution	14,400	14,206
Administration	1,775	1,672
	16,175	15,878

The average number of employees has been calculated on a monthly weighted average. The comparative has been restated to show actual number of employees. In the prior year a full time equivalent (FTE) measure was reported. The total number of employees at the year end was 15,788 (2013 – 15,888).

NOTES TO THE financial statements CONTINUED

2 Operating profit and costs continued

d) Employment costs in respect of the foregoing

	2014 £m	2013 £m
Wages and salaries	227.1	227.2
Social security costs	29.7	29.3
Pension current service cost – defined benefit scheme (see note 20)	12.7	12.3
Pension contributions – defined contribution scheme (see note 20)	1.2	1.3
Long-term incentive schemes – (see note 2(a))	1.1	6.6
	271.8	276.7

e) Aggregate emoluments of the Directors

	2014 £m	2013 £m
Non-Executive Directors' fees and benefits	0.5	0.4
Executive Directors' services		
Salaries and benefits	2.1	2.3
Long-term incentives	0.2	1.1
	2.8	3.8

More detailed information concerning Directors' share entitlements and emoluments, including long-term incentive schemes, is shown in the Remuneration Report on pages 36 to 39

f) Share of Operating Loss in Joint Venture

	2014 £m	2013 £m
Share of Operating Loss of Indian Joint Venture, Clarks Future Footwear Limited	(0.6)	(0.7)
	(0.6)	(0.7)

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 Other net finance costs

	2014 £m	2013 £m
Interest payable on bank loans and overdrafts	3.2	2.5
Interest receivable	(0.4)	(0.3)
Net interest cost on assets and liabilities of pension scheme (see note 20)	5.0	5.7
Group	7.8	7.9
Joint Venture	0.2	0.1
	8.0	8.0

4 Taxation on profit on ordinary activities

a) Analysis of charge in the year

	2014 £m	2013 £m
Current taxation		
UK taxation		
UK corporation tax at 23.2% (2013 – 24.3%)	17.5	16.1
Adjustments in respect of prior years	(0.5)	(0.8)
Total UK taxation	17.0	15.3
Overseas taxation		
Current taxation on income for the year	5.0	6.9
Adjustments in respect of prior years	(0.1)	(3.4)
Total overseas taxation	4.9	3.5
Tax credit on pension contributions recognised in reserves	4.4	4.6
Total current taxation	26.3	23.4
Movement in deferred taxation		
Effective change in tax rate	(0.5)	(0.3)
Adjustment in respect of prior years	(0.2)	4.0
Other origination and reversal of timing differences	5.5	4.6
Total deferred taxation (see note 15)	4.8	8.3
Taxation on profit on ordinary activities	31.1	31.7

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 23.2% (2013 – 24.3%)

The differences are explained below

	2014 £m	2013 £m
Profit on ordinary activities before taxation	119.8	113.6
At standard rate of corporation tax in the UK	27.8	27.6
Higher taxation rates on overseas earnings	3.7	4.9
Depreciation on items not qualifying for capital allowances	0.8	0.7
Overseas taxation losses	(0.7)	(0.8)
Adjustments in respect of prior years	(1.3)	(0.5)
Other	0.8	(0.2)
	31.1	31.7
Movement in deferred taxation	(4.8)	(8.3)
Total current taxation (see note 4(a))	26.3	23.4

NOTES TO THE financial statements CONTINUED

5 Dividends paid

	2014 £m	2013 £m
Equity dividends paid in the year		
Final ordinary share dividend for the year ended 31st January 2013 of 30 Op (2013 – 27 5p)	17 8	16 3
Interim ordinary share dividend for the year ended 31st January 2014 of 11 Op (2013 – 10 Op)	6 6	6 0
	24 4	22 3

The final ordinary share dividend proposed for the year ended 31st January 2014 is 33 Op per share (2013 – 30 Op)

6 Earnings per ordinary share

Basic earnings per ordinary share have been calculated by dividing the profit after taxation of £88 7m (2013 – £81 9m) by the weighted average number of ordinary shares in issue during the year of 59,434,010 (2013 – 59,434,010)

7 Fixed assets – Intangible assets

	Goodwill £m	Trademark £m	Total £m
Cost or valuation			
At 1st February 2013	–	0 6	0 6
Capital expenditure	0 7	–	0 7
Disposals	–	–	–
At 31st January 2014	0 7	0 6	1 3
Amortisation			
At 1st February 2013	–	0 1	0 1
Charge for the year	–	–	–
Disposals	–	–	–
At 31st January 2014	–	0 1	0 1
Net book value			
At 31st January 2014	0 7	0 5	1 2
At 1st February 2013	–	0 5	0 5

The trademark relates to the Clarks brand name in Brazil

On 12th August 2013 C&J Clark (Holdings) 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.

8 Fixed assets – Tangible assets

a) Summary

	Land and buildings Freehold £m	Land and buildings Long leasehold £m	Land and buildings Short leasehold £m	Plant and equipment £m	Total £m
Cost or valuation					
At 1st February 2013	91.4	0.8	54.3	367.9	514.4
Exchange rate adjustments	(1.6)	–	(2.0)	(5.4)	(9.0)
Capital expenditure	2.2	2.1	6.8	56.9	68.0
Reclassification	(7.4)	–	–	7.4	–
Disposals	–	–	(1.6)	(12.8)	(14.4)
At 31st January 2014	84.6	2.9	57.5	414.0	559.0
Depreciation					
At 1st February 2013	9.1	0.1	28.0	192.5	229.7
Exchange rate adjustments	(0.1)	–	(0.9)	(2.0)	(3.0)
Charge for the year	1.3	0.1	5.5	28.5	35.4
Impairment	–	–	–	–	–
Reclassification	(0.4)	–	–	0.4	–
Disposals	–	–	(1.5)	(10.9)	(12.4)
At 31st January 2014	9.9	0.2	31.1	208.5	249.7
Net book value					
At 31st January 2014	74.7	2.7	26.4	205.5	309.3
At 1st February 2013	82.3	0.7	26.3	175.4	284.7

b) Valuation of land and buildings

In accordance with the transitional provisions of FRS 15, freehold and long leasehold land and buildings are shown at valuation on adoption of FRS 15 and will not be updated. The gross book value of freehold land and buildings includes £20.3m (2013 – £20.3m) of land which is not depreciated.

No comparative value of the land and buildings at historical cost is provided as there is no material difference in valuation.

c) Leased assets

Plant and equipment includes leased assets with a net book value of £nil (2013 – £nil).

NOTES TO THE financial statements CONTINUED

9 Fixed assets – Investments

a) Group

	Listed investments £m	Unlisted investments £m	Total £m
Net book values at 1st February 2013	2.2	0.1	2.3
Exchange rate adjustments	(0.1)	–	(0.1)
Additions	–	–	–
Disposals	(0.5)	–	(0.5)
Net book values at 31st January 2014	1.6	0.1	1.7

b) Company

	Shares in subsidiary undertakings 2014 £m	Shares in subsidiary undertakings 2013 £m
Net book values at 1st February 2013	78.8	78.5
Addition/increase in net assets	0.3	0.3
Disposals	–	–
Net book values at 31st January 2014	79.1	78.8

10 Stock

	2014 £m	2013 £m
Finished goods and goods held for resale	417.2	375.5
	417.2	375.5

11 Debtors

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £
Trade debtors	120.2	137.1	1.2	1.7
Amounts owed by Group undertakings	–	–	466.8	385.2
Amounts owed by Joint Venture undertakings	2.7	1.4	–	–
Other debtors	7.0	5.9	–	–
Prepayments and accrued income	30.8	30.6	–	–
Amounts falling due within one year	160.7	175.0	468.0	386.9
Trade debtors falling due after more than one year	0.5	0.1	–	–
Other debtors falling due after more than one year	0.6	0.3	–	–
Amounts falling due after more than one year	1.1	0.4	–	–
	161.8	175.4	468.0	386.9

12 Creditors – amounts falling due within one year

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £
Bank loans and overdrafts	49 0	57 4	–	–
Trade creditors	132 4	126 3	–	–
Amounts owed to other Group undertakings	–	–	344 9	297 7
Current taxation	5 8	4 2	–	–
Social security	4 7	3 7	–	–
Other creditors	17 4	11 8	0 1	–
Accruals and deferred income	50 2	59 6	–	0 1
	259 5	263 0	345 0	297 8

13 Creditors – amounts falling due after more than one year

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £
Long-term loans	72 4	66 4	72 4	66 4
Other creditors	7 1	15 4	–	–
	79 5	81 8	72 4	66 4
Amounts falling due between				
one and two years	–	–	–	–
two and five years	74 1	78 9	72 4	66 4
after five years	5 4	2 9	–	–
	79 5	81 8	72 4	66 4

14 Provisions for liabilities

	At 1st February 2013 £m	Exchange rate adjustment £m	Provided in year £m	Utilised £m	At 31st January 2014 £m
Long-term Incentive Plan	5 3	–	1 6	(1 5)	5 4
Clarks Companies North America Incentive Plan	7 7	(0 3)	(0 5)	(5 6)	1 3
Dilapidation provision	0 9	–	0 4	(0 4)	0 9
Onerous lease provision	0 1	–	–	(0 1)	–
Other	0 5	–	0 1	(0 2)	0 4
	14 5	(0 3)	1 6	(7 8)	8 0
Deferred taxation (see note 15)	15 0	(0 4)	4 8	–	19 4
	29 5	(0 7)	6 4	(7 8)	27 4

NOTES TO THE financial statements CONTINUED

15 Deferred Taxation

	Group 2014 £m	Group 2013 £m
Accelerated capital allowances	22 6	19 7
Holdover relief	–	0 1
Liquidation of LIFO inventory reserves in North America and Japan	6 6	4 8
Overseas trading losses	(2 8)	(0 9)
Short-term timing differences	(7 0)	(8 7)
	19 4	15 0
		Group £m
Provision at 1st February 2013		15 0
Exchange rate adjustment		(0 4)
Deferred taxation charge in the profit and loss account for the year (see note 4(a))		4 8
Provision at 31st January 2014		19 4

Deferred tax assets of £7 6m (2013 – £9 3m) 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 Share capital

	Issued and fully paid 2014 £m	Issued and fully paid 2013 £m
Ordinary shares of £1 each	59 4	59 4

17 Reserves

	Share premium account Group and Company £m	Capital redemption reserve Group and Company £m	Merger reserve Group £m	Profit and loss account Group £m	Profit and loss account Company £m
At 31st January 2013	0.8	18.1	15.1	377.8	27.9
Currency translation adjustments (net of corporation tax)	–	–	–	(14.0)	–
Profit for the year	–	–	–	88.7	70.4
Actuarial loss on pension scheme	–	–	–	(16.6)	–
Associated deferred tax on actuarial gain	–	–	–	3.0	–
Effect of change in tax rate on deferred tax asset in pension liability	–	–	–	(2.4)	–
Share-based payment	–	–	–	0.3	0.3
Dividends paid	–	–	–	(24.4)	(24.4)
At 31st January 2014	0.8	18.1	15.1	412.4	74.2

The merger reserve of £15.1m (2013 – £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. The capital redemption reserve was originally created in 2003 as a result of the ordinary share buy back.

The profit for the year dealt within the profit and loss account of the Company amounts to £70.4m (2013 – loss of £0.2m).

The cumulative total of goodwill written off against Group profit and loss account reserves in respect of acquisitions prior to the 1st February 1988, when FRS 10 'Goodwill and Intangible Assets' was adopted, amounts to £2.1m (2013 – £2.1m). This relates to acquisitions since 1st February 1985 as information prior to this date is not available.

18 Financial commitments

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

	2014 £m	2013 £m
Contracted but not provided for	16.8	26.1

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

	Land and buildings 2014 £m	Land and buildings 2013 £m	Plant and equipment 2014 £m	Plant and equipment 2013 £m
Expiring within one year	6.4	7.2	0.2	0.2
Expiring between two and five years	37.7	31.9	1.1	1.2
Expiring after five years	48.5	50.6	–	–
	92.6	89.7	1.3	1.4

NOTES TO THE financial statements CONTINUED

19 Financial instruments and risk management

The Group's treasury management policies are outlined in the Financial Review on pages 20 to 23

a) Currency profile and interest rates

Currency	Gross borrowings 2014 £m	Cash at bank and in hand 2014 £m	Net (cash) / borrowings 2014 £m	Gross borrowings 2013 £m	Cash at bank and in hand 2013 £m	Net (cash) / borrowings 2013 £m
Sterling	0.3	(10.5)	(10.2)	0.3	(13.7)	(13.4)
US dollar	39.1	(19.0)	20.1	5.2	(51.0)	(45.8)
Euro	–	(10.3)	(10.3)	41.0	(7.0)	34.0
Other	9.6	(21.9)	(12.3)	10.9	(12.8)	(1.9)
	49.0	(61.7)	(12.7)	57.4	(84.5)	(27.1)
Borrowings for hedging purposes						
Sterling	72.4	–	72.4	66.4	–	66.4
US Dollar	–	–	–	–	–	–
	72.4	–	72.4	66.4	–	66.4
	121.4	(61.7)	59.7	123.8	(84.5)	39.3

The Group's cash deposits comprise deposits placed on money markets at call and overnight rates. The Group's entire net borrowing facilities amounting to £251.1m (2013 – £233.9m) are available at floating rates. These include the Revolving Credit Facility of £200.0m (2013 – £200.0m) and overdraft facilities in the UK and overseas totalling £51.1m (2013 – £33.9m). Under the Revolving Credit Facility interest rates are based upon LIBOR, fixed depending on the tenor of the loan. The interest rates on overdraft 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 base rates. Bank borrowings are secured by a floating charge over the assets of the Group.

Included in sterling borrowings for hedging purposes is £51.4m (2013 – £51.4m) borrowed at floating rates, which by the use of a cross-currency interest rate swap has created a synthetic US dollar fixed interest liability of \$80.0m (2013 – \$80.0m). The sterling asset and US dollar liability created by this swap have been disclosed net in both Group and Company accounts due to a legal right of set off.

Exchange losses on foreign currency borrowings less deposits were £0.5m (2013 – gain £0.6m) including a gain of £nil (2013 – £nil) relating to exchange movements on loans providing a hedge to offset currency movements arising on retranslation of overseas subsidiaries.

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

	2014 £m	2013 £m
In one year or less or on demand	49.0	57.4
In more than one year but not more than two years	–	–
In more than two years but not more than five years	72.4	66.4
	121.4	123.8

19 Financial instruments and risk management continued

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

	2014 £m	2013 £m
Expiring in one year	49.2	24.2
Expiring in more than one year but not more than two years	127.6	133.6
	176.8	157.8

b) Currency exposures, fair values and hedges

The Group has used foreign currency contracts to cover the currency exposures on expected cash flows up to two years forward

The Group does not engage in foreign currency speculation but covers its future trading requirements through forward exchange contracts and options. By necessity, this results in some forward currency commitments at the year end which have been entered into at exchange rates likely to be relevant at the contract date. Due to short-term fluctuations in exchange rates, the year end rates will always be different from contract rates.

As at 31st January 2014, the foreign currency forward contracts held a theoretical fair value loss of £3.9m (2013 – gain £2.1m). The fair value loss on options at 31st January 2014 was £12.4m (2013 – gain £1.7m). One hundred and eighty-five of the two hundred and seventy-two contracts held will mature during the year ended 31st January 2015. The sterling value of the deals held is £718.6m (2013 – £447.0m). One hundred and thirty-seven of the one hundred and forty-eight contracts held at 31st January 2013 have matured and have been recognised in the profit and loss account.

The fair value loss for the Group and Company on the cross-currency interest rate swap used to create the synthetic loan at 31st January 2014 was £1.7m.

NOTES TO THE financial statements CONTINUED

20 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 5th April 2011 and an actuarial report of the Scheme was carried out at 5th April 2012. These were updated to 31st January 2014 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 2013 and updated to 31st January 2014 by a qualified independent actuary.

	Group 2014 £m	Group 2013 £m
Change in benefit obligation for defined benefit sections		
Benefit obligation at the beginning of the year	966.4	910.2
Current service cost	12.7	12.3
Interest cost	44.4	42.0
Plan participants' contributions	0.8	0.5
Past service costs	–	–
Actuarial gains	16.3	46.6
Curtailments	–	(0.4)
Benefits paid	(41.7)	(44.7)
Exchange rate adjustment on US scheme	(4.0)	(0.1)
Benefit obligation at the end of the year	994.9	966.4
Analysis of benefit obligation for defined benefit sections		
Plans that are wholly or partly funded	994.6	966.1
Plans that are wholly unfunded	0.3	0.3
Total	994.9	966.4
Change in plan assets for defined benefit sections		
Fair value of plan assets at the beginning of the year	859.8	800.1
Expected return on plan assets	39.4	36.3
Actuarial gains	(0.3)	32.9
Transfer from defined contribution section of the Fund	–	–
Employer contribution	35.5	34.9
Member contributions	0.8	0.5
Benefits paid	(41.7)	(44.7)
Exchange rate adjustment on US scheme	(3.2)	(0.2)
Fair value of plan assets at the end of the year	890.3	859.8
Funded status	(104.6)	(106.6)
Unrecognised past service cost (benefit)	–	–
Net amount recognised	(104.6)	(106.6)

In addition, the value of the assets and liabilities held in the defined contribution section of the UK Fund amounted to £25.9m as at 31st January 2014 (2013 – £24.5m) and the value of assets and liabilities held in the defined contribution section of the UK Scheme amounted to £9.9m as at 31st January 2014 (2013 – £7.0m). Defined contribution schemes in the US held assets of £40.0m as at 31st January 2014 (2013 – £35.0m).

20 Retirement Benefits continued

	Group 2014 £m	Group 2013 £m
Components of pension cost		
Current service cost – defined benefit scheme	12.7	12.3
Contribution – defined contribution scheme	1.2	1.3
Interest cost	44.4	42.0
Expected return on plan assets	(39.4)	(36.3)
Effect of curtailments	–	(0.4)
Total pension cost recognised in the Profit and Loss Account	18.9	18.9
Actuarial losses immediately recognised	16.6	13.8
Total pension cost recognised in the Statement of Total Recognised Gains and Losses	16.6	13.8
Cumulative amount of actuarial losses immediately recognised since 1st February 2005	103.4	86.8
	Group 2014 £m	Group 2013 £m
Movement in deficit during the year		
Deficit in the scheme at the beginning of the year	(106.6)	(110.1)
Current service cost	(12.7)	(12.3)
Contributions	35.5	34.9
Past service costs/curtailments	–	0.4
Net interest cost	(5.0)	(5.7)
Actuarial loss	(16.6)	(13.7)
Exchange rate adjustment on US scheme	0.8	(0.1)
Deficit in the scheme at the end of the year	(104.6)	(106.6)
Associated deferred tax asset		
Deferred tax asset at the beginning of the year	28.5	30.8
Deferred tax charge on pension contributions in excess of current year pension charge	(4.4)	(4.6)
Effective change in tax rate	(2.4)	(1.6)
Movements on actuarial loss	3.0	3.7
Exchange rate adjustment on US scheme	(0.5)	0.2
Deferred tax asset at the end of the year	24.2	28.5
Net pension liability at the beginning of the year	(78.1)	(79.3)
Net pension liability at the end of the year	(80.4)	(78.1)

NOTES TO THE financial statements CONTINUED

20 Retirement Benefits continued

Plan assets

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

Asset category	UK plan assets 2014	UK plan assets 2013	North America plan assets 2014	North America plan assets 2013
Equities	39.42%	38.66%	30.90%	32.70%
Bonds	59.76%	60.36%	69.10%	67.30%
Cash	0.82%	0.98%	–	–
	100.00%	100.00%	100.00%	100.00%

Amounts included in the fair value of assets for

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

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, the expectation for future returns of each asset class and the expected expenses of operating the schemes. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 4.3% assumption for the year ended 31st January 2014 (2013 – 4.44%) for the UK scheme and 6.2% for the US scheme (2013 – 6.20%).

	Group 2014 £m	Group 2013 £m
Actual return on plan assets	39.1	69.2

	UK 2014	UK 2013	North America 2014	North America 2013
Weighted average assumptions used to determine benefit obligations				
Discount rate	4.35%	4.70%	4.50%	4.25%
Rate of increase in salaries				
Senior Executives	5.40%	5.50%	4.00%	4.00%
Others	4.90%	5.00%	4.00%	4.00%
Rate of increase in pensions in payment				
Fund	3.30%	3.50%	n/a	n/a
Scheme	2.10%	2.20%	n/a	n/a
Rate of increase in pensions in deferment	2.40%	2.70%	n/a	n/a
Inflation assumption	3.30%	3.50%	2.50%	2.50%

Weighted average assumptions used to determine net pension cost for the year end

Discount rate	4.70%	4.70%	4.25%	4.50%
Expected long-term return on plan assets	4.30%	4.44%	6.20%	6.20%
Rate of increase in salaries				
Senior Executives	5.50%	5.10%	4.00%	4.00%
Others	5.00%	4.60%	4.00%	4.00%
Rate of increase in pensions in payment				
Fund	3.50%	3.10%	n/a	n/a
Scheme	2.20%	2.00%	n/a	n/a
Rate of increase in pensions in deferment	2.10%	2.10%	n/a	n/a
Inflation assumption	3.50%	3.10%	2.50%	2.50%

20 Retirement Benefits continued

		UK 2014	UK 2013	North America 2014	North America 2013
Weighted average life expectancy for mortality tables used to determine benefit obligations					
Member age 65 (current life expectancy)	Male	23.2	23.2	19.6	19.6
	Female	23.7	23.7	21.3	21.3
Member age 45 (life expectancy at age 65)	Male	25.0	24.9	19.6	19.6
	Female	25.2	25.2	21.3	21.3
Five year history					
		UK 2014 £m	UK 2013 £m	UK 2012 £m	UK 2011 £m
Benefit obligation at the end of the year		(903.8)	(870.5)	(822.6)	(761.0)
Fair value of plan assets at the end of the year		817.5	790.4	738.8	654.9
Deficit in the scheme		(86.3)	(80.1)	(83.8)	(106.1)
Related deferred tax asset		17.3	18.4	21.0	28.6
Net pension liability		(69.0)	(61.7)	(62.8)	(77.5)
		North America 2014 £m	North America 2013 £m	North America 2012 £m	North America 2011 £m
Benefit obligation at the end of the year		(91.1)	(95.9)	(87.6)	(66.3)
Fair value of plan assets at the end of the year		72.8	69.4	61.3	49.3
Deficit in the scheme		(18.3)	(26.5)	(26.3)	(17.0)
Related deferred tax asset		6.9	10.1	9.8	6.3
Net pension liability		(11.4)	(16.4)	(16.5)	(10.7)
		Group 2014 £m	Group 2013 £m	Group 2012 £m	Group 2011 £m
Benefit obligation at the end of the year		(994.9)	(966.4)	(910.2)	(827.3)
Fair value of plan assets at the end of the year		890.3	859.8	800.1	704.2
Deficit in the scheme		(104.6)	(106.6)	(110.1)	(123.1)
Related deferred tax asset		24.2	28.5	30.8	34.9
Net pension liability		(80.4)	(78.1)	(79.3)	(88.2)
Actual return less expected return on scheme assets		(0.3)	32.9	65.6	35.0
Percentage of year-end scheme assets		(0.0%)	3.8%	8.2%	5.0%
Experience (losses)/gains arising on scheme liabilities		(16.4)	(46.7)	(65.9)	(42.3)
Percentage of year-end scheme liabilities		(1.6%)	(4.8%)	(7.2%)	(5.1%)

Contributions

Under the current schedule of contributions, the Group expects to make contributions towards pension deficits of £20m to the UK schemes and \$10m to the US schemes in the year ended 31st January 2015

NOTES TO THE financial statements CONTINUED

21 Related party transactions

Control

The Group holding company is C&J Clark Limited. As indicated in the Director's report on pages 44 to 45, family members hold 84.1% of the Company's ordinary shares.

Transactions with directors and officers

There were no transactions with directors and officers during the year apart from those included in the remuneration report on pages 36 to 39.

Transactions with subsidiaries and joint venture

The Group has taken advantage of the exemptions in FRS 8 'Related Party Transactions' 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 2014 £m	Sales to related parties 2013 £m	Amounts owed by related parties 2014 £m	Amounts owed by related parties 2013 £m	Injection of equity funding 2014 £m	Injection of equity funding 2013 £m
Joint Venture	3.4	4.6	2.7	1.4	—	0.2

Sales to related parties consist of footwear.

22 Reconciliation of operating profit items to operating cash flows

	2014 £m	2013 £m
Operating profit before exceptional items	128.4	122.3
Depreciation and impairments	35.4	30.6
Increase in stocks	(50.6)	(24.5)
Decrease/(increase) in debtors	7.9	(23.8)
Increase in creditors	0.3	31.9
Decrease in provisions	(6.1)	(5.7)
Exchange gains on currency bank accounts	(0.5)	(0.6)
Pension deficit funding	(26.2)	(26.2)
Difference between pension charge and cash contributions	3.9	3.2
Net cash inflow from operating activities	92.5	107.2

23 Analysis of cash flows for headings netted in the Group cash flow statement

	2014 £m	2013 £m
a) Returns on investments and servicing of finance		
Interest received	0 4	0 3
Interest paid	(2 3)	(2 5)
Net cash outflow for returns on investments and servicing of finance	(1 9)	(2 2)
b) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(64 3)	(95 7)
Sale of tangible fixed assets	0 1	1 8
Additions to investments	(0 2)	(0 4)
Investment in joint venture undertaking	–	(0 2)
Net cash outflow for capital expenditure and financial investment	(64 4)	(94 5)
c) Financing		
Increase/(Decrease) in long-term bank loans	6 0	(4 1)
Net cash inflow/(outflow) from financing	6 0	(4 1)

24 Analysis of net cash

	At 1st February 2013 £m	Cash flow £m	Translation differences £m	At 31st January 2014 £m
Cash at bank and in hand	84 5	(21 5)	(1 3)	61 7
Bank overdrafts	(57 4)	7 6	0 8	(49 0)
	27 1	(13 9)	(0 5)	12 7
Bank loans	–	–	–	–
Long-term loans	(66 4)	(6 0)	–	(72 4)
	(39 3)	(19 9)	(0 5)	(59 7)

c & j clark limited AND SUBSIDIARIES

The following subsidiaries are those contributing most significantly to the profits and the assets of the Group and is not a complete list of all subsidiaries. All are wholly-owned and are engaged in the shoe trade.

	Country of incorporation	Ordinary shares	%
Subsidiaries			
C&J Clark International Limited (trading as Clarks International)	England	£ each	100
Clarks Americas Inc	USA	US \$ each	100
Clarks Shoes Vertriebs GmbH	Germany	€ each	100
Clarks Shoes Benelux BV	Holland	€ each	100
Clarks Japan Company Limited	Japan	¥ each	100
C&J Clark China Trading Co Limited	China	CNY each	100
	Country of incorporation	Ordinary shares	%
Joint Ventures			
Clarks Future Footwear Limited	India	RUP each	50

group financial RECORD

	Notes	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Group trading results for the year ended 31st January						
Group turnover		1,541 0	1,460 6	1,398 1	1,281 3	1,173 5
Turnover from continuing activities	1	1,546 6	1,463 9	1,399 7	1,281 3	1,173 5
Profit before interest, exceptional items and Joint Venture		128 4	122 3	115 8	110 9	97 4
Exceptional items before taxation		–	–	0 2	5 1	1 5
Profit before interest and after exceptional items		127 8	121 6	115 5	115 9	98 9
Net interest		(8 0)	(8 0)	(9 4)	(7 2)	(13 8)
Profit before tax and after exceptional items		119 8	113 6	106 1	108 7	85 1
Profit after tax		88 7	81 9	77 5	77 1	60 8
Group financial position at 31st January						
Capital employed		665 6	602 9	518 2	439 3	353 1
Net borrowings/(cash)		(59 7)	(39 3)	(9 5)	(18 6)	77 4
Equity shareholders' funds		505 8	471 2	424 2	366 9	322 5
Ratios						
Return on sales	2	8 3%	8 4%	8 3%	8 7%	8 3%
Return on capital employed	3	19 3%	20 3%	22 3%	25 2%	27 6%
Net assets per ordinary share	4	£8 51	£7 93	£7 14	£6 16	£5 41
Net borrowings/equity		11 8%	8 3%	2 2 %	(5 1%)	(24 0%)
Basic earnings per ordinary share	5	149 3p	137 8p	130 5p	129 6p	101 6p
Basic earnings per ordinary share before exceptional items		149 3p	137 8p	130 2p	121 1p	98 3p
Dividends paid during the year per ordinary share	6	41 1p	37 5p	36 5p	40 0p	27 5p
Dividend cover	7	3 6	3 7	3 6	3 2	3 7
Interest cover	8	16 0	15 2	12 3	16 1	7 2

1 Turnover from continuing operations includes 100% of the turnover in the Indian Joint Venture

2 Return on sales is the profit before interest and exceptional items expressed as a percentage of turnover from continuing activities

3 Return on capital employed is the profit before interest and exceptional items 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 in accordance with FRS 21 'Events after the Balance Sheet date'

7 Dividend cover is profit after tax divided by dividends paid

8 Interest cover is the profit before interest divided by net interest

facts AT YOUR FINGERTIPS

2014

	UK & ROI	Americas	Europe	Asia Pacific	Group
Turnover (£millions)	645	626	145	125	1,541
Employees (number at year-end) ¹	11,480	3,659	167	482	15,788
Pairs sold (millions)	20.7	23.1	4.4	4.3	52.5
Shops					
Clarks	361	198	5	5	569
Concessions	58	–	–	29	87
Factory shopping outlets	41	114	10	8	173
Bostonian	–	10	–	–	10
Total owned shops	460	322	15	42	839
Franchise stores	111	–	–	–	111
International Clarks shops ²	–	12	167	227	406
Total shops	571	334	182	269	1,356

2013

	UK & ROI	Americas	Europe	Asia Pacific	Group
Turnover (£millions)	624	588	144	105	1,461
Employees (number at year-end) ¹	12,037	3,437	155	259	15,888
Pairs sold (millions)	20.7	21.1	4.5	3.4	49.7
Shops					
Clarks	367	177	5	–	549
Concessions	61	–	–	–	61
Factory shopping outlets	40	108	7	–	155
Bostonian	–	13	–	–	13
Total owned shops	468	298	12	–	778
Franchise stores	112	–	–	–	112
International Clarks shops ²	–	10	174	184	368
Total shops	580	308	186	184	1,258

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

Pairs sold in both of the above tables represent footwear sales in previous years this has also included sales of handbags and accessories

1 Including part time employees

2 Monobrand partnership stores using the 'global' shopfit format

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