

Financial statements

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Directors' responsibilities statement

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 the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to:

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

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- ▶ properly select and apply accounting policies;
- ▶ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- ▶ provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- ▶ make an assessment of the Company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- ▶ the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- ▶ the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- ▶ the directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and gives shareholders the information needed to assess the group's performance, business model and strategy.

By order of the Board on 21 May 2014 and signed on its behalf by:



Matt Smith
Chief Financial Officer

Independent auditor's report to the members of Mothercare plc

Opinion on financial statements of Mothercare plc

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 29 March 2014 and of the group's loss for the 52 weeks then ended;
- ▶ the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- ▶ the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the consolidated income statement, the consolidated statement of comprehensive income/expense, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes 1 to 32. The financial statements also comprise the parent company balance sheet and related notes 1 to 8. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the directors' statement on page 43 that the group is a going concern.

We confirm that:

- ▶ we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- ▶ we have not identified any material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk

The presentation and consistency of the income and expenditure included within exceptional items.

The group has recorded exceptional income and expenditure in respect of one-off items and transactions that fall outside of the normal course of trading.

How the scope of our audit responded to the risk

We reviewed the nature of exceptional items, challenged management's judgements in this area and agreed the quantification to supporting documentation.

We assessed whether they are in line with both the group's accounting policy and the guidance issued by the Financial Reporting Council in December 2013.

We considered whether management's application of the policy has been applied consistently with previous accounting periods, including whether the reversal of any items originally recognised as exceptional are appropriately classified as exceptional items.

We also assessed whether the disclosures within the financial statements provide sufficient detail for the reader to understand the nature of these items.

Going concern

Going concern, liquidity and covenant headroom continue to be key areas of focus in light of the ongoing significant changes within the group, particularly in the UK, as part of its transformation strategy.

We reviewed management's consideration of the adoption of the going concern principle. Our work involved assessing management's forecasts, challenging the key underlying assumptions, assessing the accuracy of previous forecasts, considering reasonably possible downside scenarios and comparing the short-term forecast against actual trading since the balance sheet date.

We considered the group's liquidity and financing arrangements in light of the recent amendments to the terms of the bank facilities. Our work assessed the extent of cash headroom, covenant compliance and the availability and quantum of mitigating actions to address potential sensitivity scenarios for a period of 12 months from the signing of the financial statements.

The judgement involved in calculating the group's property provisions

The group maintains property provisions in respect of store disposals or closures and onerous leases. The provisions are estimates based on expected future cashflows.

We have challenged management's assumptions in arriving at the property provision. We have verified the inputs used to calculate the provision and agreed them back to supporting documentation and reviewed the correspondence with the group's independent property advisors to assess whether these experts' views have been reflected within the provision calculations.

The valuation of inventory including appropriateness of judgements applied within the obsolescence provision

Management's calculation of the inventory obsolescence provision involves judgement around the current market value and level of demand for the individual product ranges held.

We attended annual and perpetual inventory counts to assess the condition of inventories.

We have tested that the book value of inventories does not exceed their net realisable value by comparing the actual sales value to the book value for a sample of lines.

We have challenged the assumptions used in arriving at management's inventory provision. Specifically we have checked the discontinued dates of those relevant inventory lines to assess whether they have been aged correctly. We have also reviewed the actual and forecast sales of those provisioned inventory lines to check that the provision percentage applied is still appropriate.

Independent auditor's report to the members of Mothercare plc continued

The recoverability of joint venture investments and receivables from these parties

There is a risk that the group is exposed to debt owed from the joint venture companies, due to the volatility of the trading environments in the countries in which it operates.

We challenged the forecasts and growth assumptions used in management's impairment models for the joint venture investments, including an assessment of the forecast growth rates and management's sensitivities to the key assumptions. Additionally, we completed recoverability testing on the receivables due from the joint venture companies.

The recoverability of store related fixed assets

In light of the group's store closure plan, there is a risk that fixed assets held within stores are not recoverable.

We assessed management's assumptions, including forecast store profitability, underlying the fixed asset impairment models and recalculated the net present values of assets.

The Audit and Risk Committee's consideration of these risks is set out on page 48.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be £1.8 million, calculated by applying professional judgement and taking into account the profitability of the International segment and the loss making position of the UK segment, before exceptional items.

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £90,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We also reported to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focused our group audit scope on the UK trading companies (including both the UK and International operating segments) and the group's sourcing operations in Hong Kong and India, all of which were subject to a full scope audit for the 52 weeks ended 29 March 2014. These locations represent the principal business units of the group and account for 100% of the group's revenue.

The locations were selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above.

Our audit work at these locations is performed at a materiality level calculated by reference to a proportion of group materiality appropriate to the relative scale of the business concerned.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The group audit team is directly involved in the audit of the UK trading companies. The component audit teams in Hong Kong and India participated in the group audit planning process. We discussed their risk assessment and issued the component audit teams with audit referral instructions. We have held discussions with the component audit teams and reviewed documentation of the findings from their work.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- ▶ the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; 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

Adequacy of explanations received and accounting records.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- ▶ we have not received all the information and explanations we require for our audit; or
- ▶ adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- ▶ materially inconsistent with the information in the audited financial statements; or
- ▶ apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- ▶ otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit and Risk Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Ian Waller

Ian Waller (Senior statutory auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
21 May 2014

Consolidated income statement

For the 52 weeks ended 29 March 2014

	Note	52 weeks ended 29 March 2014			52 weeks ended 30 March 2013 Restated*		
		Underlying ¹ £ million	Non- underlying ² £ million	Total £ million	Underlying ¹ £ million	Non- underlying ² £ million	Total £ million
Revenue	4, 5	724.9	–	724.9	749.4	–	749.4
Cost of sales		(680.2)	(14.7)	(694.9)	(702.0)	5.7	(696.3)
Gross profit		44.7	(14.7)	30.0	47.4	5.7	53.1
Administrative expenses		(28.2)	(9.5)	(37.7)	(34.2)	(5.9)	(40.1)
(Loss)/profit from retail operations	7	16.5	(24.2)	(7.7)	13.2	(0.2)	13.0
Other exceptional items	6	–	(10.8)	(10.8)	–	(29.2)	(29.2)
Share of results of joint ventures and associates	13, 14	(0.6)	–	(0.6)	(1.4)	–	(1.4)
Loss from operations		15.9	(35.0)	(19.1)	11.8	(29.4)	(17.6)
Net finance costs	8	(6.4)	(0.8)	(7.2)	(5.9)	(0.4)	(6.3)
Loss before taxation		9.5	(35.8)	(26.3)	5.9	(29.8)	(23.9)
Taxation	9	(2.7)	1.5	(1.2)	(2.2)	2.3	0.1
Loss for the period attributable to equity holders of the parent		6.8	(34.3)	(27.5)	3.7	(27.5)	(23.8)
(Loss)/Earnings per share							
Basic	11	7.7p		(31.0p)	4.2p		(26.9p)
Diluted	11	7.6p		(31.0p)	4.1p		(26.9p)

¹ Before items described in footnote 2 below.

² Includes exceptional items (property costs, restructuring costs and impairment charges) and other non-underlying items of amortisation of intangible assets (excluding software) and the impact of non-cash foreign currency adjustments under IAS 39 and IAS 21 as set out in note 6 to the consolidated financial statements.

* Restated for amendments to IAS 19 as explained in Note 2.

All results relate to continuing operations.

Consolidated statement of comprehensive income/(expense)

For the 52 weeks ended 29 March 2014

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 Restated* £ million
Loss for the period	(27.5)	(23.8)
Items that will not be reclassified subsequently to the income statement:		
Remeasurement of net defined benefit liability – actuarial gain/(loss) on defined benefit pension schemes	9.5	(13.6)
Income tax relating to items not reclassified	(4.5)	2.4
	5.0	(11.2)
Items that may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	(1.3)	0.6
Cash flow hedges: losses arising in the period	(0.1)	(0.3)
	(1.4)	0.3
Other comprehensive income/(expense) for the period	3.6	(10.9)
Total comprehensive expense for the period wholly attributable to equity holders of the parent	(23.9)	(34.7)

* Restated for amendments to IAS 19 as explained in Note 2.

Consolidated balance sheet

As at 29 March 2014

	Note	29 March 2014 £ million	30 March 2013 £ million
Non-current assets			
Goodwill	15	26.8	26.8
Intangible assets	15	17.4	19.7
Property, plant and equipment	16	59.6	69.6
Investments in joint ventures	13	7.7	8.0
Investment in associate	14	–	–
Deferred tax asset	17	18.5	21.7
		130.0	145.8
Current assets			
Inventories	18	93.1	110.6
Trade and other receivables	19	59.8	58.1
Current tax assets		–	1.0
Derivative financial instruments	22	–	7.3
Cash and cash equivalents	20	17.3	17.6
		170.2	194.6
Total assets		300.2	340.4
Current liabilities			
Trade and other payables	23	(106.0)	(123.3)
Borrowings	21	(27.6)	(3.5)
Current tax liabilities		(0.4)	(0.5)
Derivative financial instruments	22	(6.6)	(0.3)
Short-term provisions	24	(17.4)	(21.4)
		(158.0)	(149.0)
Non-current liabilities			
Trade and other payables	23	(24.1)	(28.1)
Borrowings	21	(36.2)	(46.5)
Retirement benefit obligations	30	(49.7)	(61.6)
Long-term provisions	24	(17.0)	(16.4)
		(127.0)	(152.6)
Total liabilities		(285.0)	(301.6)
Net assets		15.2	38.8
Equity attributable to equity holders of the parent			
Share capital	25	44.4	44.3
Share premium account		6.3	6.2
Other reserve		–	6.2
Own shares	25	(0.4)	(0.6)
Translation and hedging reserves	26	(1.1)	0.3
Retained deficit		(34.0)	(17.6)
Total equity		15.2	38.8

Approved by the Board and authorised for issue on 21 May 2014 and signed on its behalf by:



Matt Smith
Chief Financial Officer

Consolidated statement of changes in equity

For the 52 weeks ended 29 March 2014

	Equity attributable to equity holders of the parent						Total equity £ million
	Share capital £ million	Share premium account £ million	Other reserve ¹ £ million	Own shares £ million	Translation and hedging reserve £ million	Retained earnings £ million	
Balance at 31 March 2013	44.3	6.2	6.2	(0.6)	0.3	(17.6)	38.8
Other comprehensive expense for the period	–	–	–	–	(1.4)	5.0	3.6
Loss for the period	–	–	–	–	–	(27.5)	(27.5)
Total comprehensive income/(expense) for the period	–	–	–	–	(1.4)	(22.5)	(23.9)
Transfer between reserves	–	–	(6.2)	–	–	6.2	–
Issue of equity shares	0.1	0.1	–	–	–	–	0.2
Credit to equity for equity-settled share-based payments	–	–	–	–	–	0.1	0.1
Shares transferred to employees on vesting	–	–	–	0.2	–	(0.2)	–
Balance at 29 March 2014	44.4	6.3	–	(0.4)	(1.1)	(34.0)	15.2

For the 52 weeks ended 30 March 2013

	Equity attributable to equity holders of the parent						Total equity £ million
	Share capital £ million	Share premium account £ million	Other reserve ¹ £ million	Own shares £ million	Translation reserve £ million	Retained earnings £ million	
Balance at 1 April 2012	44.3	6.2	50.8	(2.1)	–	(26.5)	72.7
Other comprehensive expense for the period*	–	–	–	–	0.3	(11.2)	(10.9)
Loss for the period*	–	–	–	–	–	(23.8)	(23.8)
Total comprehensive income/(expense) for the period	–	–	–	–	0.3	(35.0)	(34.7)
Transfer between reserves	–	–	(44.6)	–	–	44.6	–
Credit to equity for equity-settled share-based payments	–	–	–	–	–	0.8	0.8
Shares transferred to employees on vesting	–	–	–	1.5	–	(1.5)	–
Balance at 30 March 2013	44.3	6.2	6.2	(0.6)	0.3	(17.6)	38.8

¹ The other reserve relates to shares issued as consideration for the acquisition of Early Learning Centre on 19 June 2007.

* Restated for amendments to IAS 19 as explained in Note 2.

Consolidated cash flow statement

For the 52 weeks ended 29 March 2014

	Note	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Net cash flow from operating activities	27	4.0	6.8
Cash flows from investing activities			
Purchase of property, plant and equipment		(7.9)	(13.2)
Purchase of intangibles – software		(3.0)	(3.0)
Proceeds from sale of property, plant and equipment		–	2.2
Investments in joint ventures and associates		(2.9)	(1.8)
Net cash used in investing activities		(13.8)	(15.8)
Cash flows from financing activities			
Interest paid		(2.7)	(2.8)
Facility fees paid		(1.4)	(1.4)
Bank loans raised		15.0	30.0
Issue of ordinary share capital		0.2	–
Net cash raised in financing activities		11.1	25.8
Net increase in cash and cash equivalents		1.3	16.8
Cash and cash equivalents at beginning of period		17.6	(0.1)
Effect of foreign exchange rate changes		(1.6)	0.9
Net cash and cash equivalents at end of period	27	17.3	17.6

Notes to the consolidated financial statements

1. General information

Mothercare plc is a company incorporated in Great Britain under the Companies Act 2006. The address of the registered office is given in the shareholder information on page 140. The nature of the group's operations and its principal activities are set out in note 5 and in the business review on pages 18 to 23.

These financial statements are presented in UK pounds sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 2.

2. Significant accounting policies

Basis of presentation

The group's accounting period covers the 52 weeks ended 29 March 2014. The comparative period covered the 52 weeks ended 30 March 2013.

Basis of accounting

The group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted for use in the European Union, International Financial Reporting Interpretations Committee ('IFRIC') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. They therefore comply with Article 4 of the EU IAS Regulation.

Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

New standards affecting presentation and disclosure

The group has adopted the amendments to IAS 1 'Presentation of Items of Other Comprehensive Income'. The amendments to IAS 1 require items of other comprehensive income to be grouped by those items that will be reclassified subsequently to income statement and those that will never be reclassified, together with their associated income tax. The amendments have been applied retrospectively, and hence the presentation of items of comprehensive income have been restated to reflect the change. The amendment affects presentation only and has no impact on the group's financial position or performance.

IFRS 13 'Fair value measurement' establishes a single source of guidance under IFRS for all fair value measurements. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the group. IFRS 13 also requires specific disclosures on fair values. The group has included the required disclosures in note 22.

New standards affecting the reported results and financial position

IAS 19 (revised 2011) 'Employee Benefits' and the related consequential amendments have impacted the accounting for the group's defined benefit scheme, by replacing the interest cost and expected return on assets with a net interest charge on the net defined benefit pension liability. For the current period, underlying profit before taxation of £9.5 million is £2.7 million lower and other comprehensive income is £2.7 million higher than it would have been prior to the adoption of IAS 19 (revised 2011). For the comparative period, the underlying profit before tax of £5.9 million is £2.4 million lower and other comprehensive income £2.4 million higher than previously reported. As the group has always recognised actuarial gains and losses immediately there has been no effect on the prior year defined benefit obligation. At the same time the group has taken the decision to separately identify the interest on the liabilities/return on assets of the pension scheme and classify these within net finance costs. These were previously reported within administrative expenses. The comparative financial information has been restated.

New standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements.

► Amendments to IAS 36 'Impairment of Assets'

New Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU).

► IFRS 9 'Financial Instruments'

► IFRS 10 'Consolidated Financial Statements'

► IFRS 11 'Joint Arrangements'

► IFRS 12 'Disclosure of Interests in Other Entities'

► IFRS 14 'Regulatory Deferral Accounts'

► IAS 27 'Separate Financial Statements'

► IAS 28 'Investments in Associates and Joint Ventures'

► Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities'

► Amendments to IFRS 11 'Accounting for Acquisitions of Interests in Joint Operations'

Notes to the consolidated financial statements

continued

2. Significant accounting policies continued

New Standards in issue but not yet effective continued

- ▶ Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation'
- ▶ Amendments to IAS 19 'Defined Benefit Plans: Employee Contributions'
- ▶ Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities'
- ▶ Amendments to IAS 39 'Financial Instruments'

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the group's financial statements when the relevant standards come into effect.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments, and on the going concern basis, as described in the going concern statement in the Corporate Governance report on page 43. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 29 March 2014. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the group in exchange. Acquisition related costs are recognised in profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) 'Business

combinations' are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell and deferred tax assets or liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income taxes and IAS 19 Employee Benefits respectively.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed. Sales to international franchise partners are recognised when the significant risks and rewards of ownership have transferred, which is on dispatch.

Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably). Royalty arrangements that are based on sales and other measures are recognised by reference to the underlying arrangement.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Profit from retail operations

Profit from retail operations represents the profit generated from normal retail trading, prior to any gains or losses on property transactions. It also includes the volatility for 40 weeks of the 52 weeks ended 29 March 2014 arising from accounting for derivative financial instruments under IAS 39, 'Financial Instruments: Recognition and Measurement', as the group has adopted hedge accounting for new contracts from 5 January 2014.

Underlying earnings

The group believes that underlying profit before tax and underlying earnings provides additional useful information for shareholders. The term underlying earnings is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for IFRS measures of profit.

As the group has chosen to present an alternative earnings per share measure, a reconciliation of this alternative measure to the statutory measure required by IFRS is given in note 11.

To meet the needs of shareholders and other external users of the financial statements the presentation of the income statement has been formatted to show more clearly, through the use of columns, our underlying business performance which provides more useful information on underlying trends.

The adjustments made to reported results are as follows:

Exceptional items

Due to their significance or one-off nature, certain items have been classified as exceptional. The gains and losses on these discrete items, such as property costs, impairment charges, restructuring costs and other non-operating items can have a material impact on the absolute amount of and trend in the profit from operations and the result for the period. Therefore any gains and losses on such items are analysed as non-underlying on the face of the income statement. Further details of the exceptional items are provided in note 6.

Non-cash foreign currency adjustments

Prior to 5 January 2014 the group did not adopt hedge accounting under IAS 39 'Financial Instruments: Recognition and Measurement'. The effect of not applying hedge accounting under IAS 39 for this period means that the reported results for this 40 week period reflect the actual rate of exchange ruling on the date of a transaction regardless of the cash flow paid by the group at the predetermined rate of exchange. In addition, any gain or loss accruing on open contracts taken out before this date at a reporting period end is recognised in the result for the period (regardless of the actual outcome of the contract on close-out). Whilst the impacts described above could be highly volatile depending on movements in exchange rates, this volatility will not be reflected in the cash flows of the group, which will be based on the hedged rate. In addition, foreign currency monetary assets and liabilities are revalued to the closing balance sheet rate under IAS 21 'The Effects of Changes in Foreign Exchange Rates'. Since January 2014 hedge accounting has been adopted. The adjustment made by the group therefore is to report its underlying performance consistently with the cash flows, reflecting the hedging which is in place.

Amortisation of intangible assets

The balance sheet includes identifiable intangible assets which arose on the acquisition of the Early Learning Centre and Blooming Marvellous and are amortised on a straight-line basis over their expected economic lives. The average estimated useful life of the assets is as follows:

Trade name	–10 to 20 years
Customer relationships	–5 to 10 years

The amortisation of these intangible assets does not reflect the underlying performance of the business.

Notes to the consolidated financial statements

continued

2. Significant accounting policies continued

Unwinding of discount on exceptional provisions

Where property provisions are charged to exceptional items, the associated unwinding of the discount on these provisions is classified as non-underlying.

Joint ventures and associates

Joint ventures and associates are accounted for using the equity method whereby the interest in the joint venture or associate is initially recorded at cost and adjusted thereafter for the post acquisition change in the group's share of net assets less any impairment in the value of individual investments. The profit or loss of the group includes the group's share of the profit or loss of the joint ventures and associates.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment.

Where a group entity transacts with an associate or joint venture of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate or joint venture.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the term of the leases.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts (see below for details of the group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified within other comprehensive income, accumulated in equity in the group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Hedge Accounting

The group designates its interest rate swaps and from January 2014 its forward currency contracts taken out after this date as cash flow hedges. At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Changes in the fair value of financial instruments designated as effective are recognised in the comprehensive income statement and any ineffective portion is recognised immediately in the income statement. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedged item. Movements in the hedging reserve in equity are detailed in note 26.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside of the income statement and presented in other comprehensive income.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

In consultation with the independent actuaries to the schemes, the valuation of the retirement benefit obligations has been updated to reflect current market discount rates, and also considering whether there have been any other events that would significantly affect the pension liabilities. The impact of these changes in assumptions and events has been estimated in arriving at the valuation of the retirement benefit obligations.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Notes to the consolidated financial statements

continued

2. Significant accounting policies continued

Taxation continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and assets in course of construction, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	–50 years
Fixed equipment in freehold buildings	–20 years
Leasehold improvements	–the lease term
Fixtures, fittings and equipment	–3 to 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets – software

Where computer software is not an integral part of a related item of computer hardware, the software is classified as an intangible asset. The capitalised costs of software for internal use include external direct costs of materials and services consumed in developing or obtaining the software and payroll and payroll-related costs for employees who are directly associated with and who devote substantial time to the project. Capitalisation of these costs ceases no later than the point at which the software is substantially complete and ready for its intended internal use. These costs are amortised on a straight-line basis over their expected useful lives, which is normally five years.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with

an indefinite useful life is tested for impairment at least annually and whenever there is an indication that an asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost formula. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective rate interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds are received, net of direct issue costs.

Derivative financial instruments

The group uses forward foreign currency contracts to mitigate the transactional impact of foreign currencies on the group's performance and interest rate swaps to mitigate the risk of movements in interest rates. The group's financial risk management policy prohibits the use of derivative financial instruments for speculative or trading purposes and the group does not therefore hold or issue any such instruments for such purposes.

Forward foreign currency contracts are recognised initially at fair value, which is updated at each balance sheet date. Changes in the fair values are recognised either in the income statement or through reserves depending on whether the contract is designated as a hedging instrument.

Derivative financial instruments that are economic hedges that do not meet the strict IAS 39 'Financial Instruments: Recognition and Measurement' hedge accounting rules are accounted for as financial assets or liabilities at fair value through profit or loss and hedge accounting is not applied.

The interest rate swaps and forward contracts taken out post 5 January 2014 in place are considered an effective cashflow hedge and are accounted for by recognising the gain/loss on the hedge through reserves rather than the income statement, removing volatility within the income statement.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

Market risk

The group is exposed to market risk, primarily related to foreign exchange and interest rates. The group's objective is to reduce, where it deems appropriate to do so, fluctuations in earnings and cash flows associated with changes in interest rates, foreign currency rates and of the currency exposure of certain net investments in foreign subsidiaries. It is the group's policy and practice to use derivative financial instruments to manage exposures of fluctuations on exchange rates. The group only sells existing assets or enters into transactions and future transactions (in the case of anticipatory hedges) that it confidently expects it will have in the future, based on past experience. The group expects that any loss in value for these instruments generally would be offset by increases in the value of the underlying transactions.

Foreign exchange rate risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The group uses UK pounds sterling as its reporting currency. As a result, the group is exposed to foreign exchange rate risk on financial assets and liabilities that are denominated in a currency other than UK sterling, primarily in US dollars and Hong Kong dollars.

Consequently, it enters into various contracts that reflect the changes in the value of foreign exchange rates to preserve the value of assets, commitments and anticipated transactions. The group also uses forward contracts and options, primarily in US dollars and Russian roubles.

Interest rate risk

The group has drawn down on its term borrowing facility. Following the group refinancing the group now hedges all of the floating interest rate on this term facility using interest rate swaps.

Notes to the consolidated financial statements

continued

2. Significant accounting policies continued

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Share-based payments

The group has applied the requirements of IFRS 2 'Share-based Payments'.

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions, updated at each balance sheet date.

Fair value is measured by use of the valuation technique considered to be most appropriate for each class of award, including Black-Scholes calculations and Monte Carlo simulations. The expected life used in the formula is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date, with any changes in fair value recognised in the profit or loss for the year.

The group also provides employees with the ability to purchase the group's ordinary shares at 80% of the current market value within an approved Save As You Earn scheme. The group records an expense based on its estimate of the 20% discount related to shares expected to vest on a straight-line basis over the vesting period.

Onerous leases

Present obligations arising out of onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the group's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Retirement benefits

Retirement benefits are accounted for under IAS 19 'Employee Benefits'. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value.

Because of changing market and economic conditions, the expenses and liabilities actually arising under the plans in the future may differ materially from the estimates made on the basis of these actuarial assumptions. The plan assets are partially comprised of equity and fixed-income instruments. Therefore, declining returns on equity markets and markets for fixed-income instruments could necessitate additional contributions to the plans in order to cover future pension obligations. Also, higher or lower withdrawal rates or longer or shorter life of participants may have an impact on the amount of pension income or expense recorded in the future.

The interest rate used to discount post-employment benefit obligations to present value is derived from the yields of senior, high-quality corporate bonds at the balance sheet date. These generally include AA-rated securities. The discount rate is based on the yield of a portfolio of bonds whose weighted residual maturities approximately correspond to the duration necessary to cover the entire benefit obligation.

Pension and other post-retirement benefits are inherently long-term and future experience may differ from the actuarial assumptions used to determine the net charge for 'pension and other post-retirement charges'. Note 30 to the consolidated financial statements describes the principal discount rate, inflation and pension retirement benefit obligation assumptions that have been used to determine the pension and post-retirement charges in accordance with IAS 19. The calculation of any charge relating to retirement

benefits is clearly dependent on the assumptions used, which reflects the exercise of judgement. The assumptions adopted are based on prior experience, market conditions and the advice of plan actuaries.

At 29 March 2014, the group's pension liability was £49.7 million (2013: £61.6 million). Further details of the accounting policy on retirement benefits are provided in note 2.

Impairment of stores' property, plant and equipment

Stores' property, plant and equipment (see note 16) are reviewed for impairment on a periodic basis, and whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Such circumstances or events could include: a pattern of losses involving the fixed asset; a decline in the market value for a particular store asset; and an adverse change in the business or market in which the store asset is involved.

Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining what cash flow is directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount and the asset's residual value, if any. Estimates of future cash flows and the selection of appropriate discount rates relating to particular assets or groups of assets involve the exercise of a significant amount of judgement.

Further details of the accounting policy on the impairment of stores' property, plant and equipment are provided in note 2.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the group to estimate future cash flows expected to arise from the cash-generating unit a suitable long-term growth rate and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £26.8 million (2013: £26.8 million).

Property provisions

Descriptions of the provisions held at the balance sheet date are given in note 24. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. Any differences between expectations and the actual future liability are accounted for in the period when such determination is made.

Onerous leases

Provision has been made in respect of leasehold properties for vacant, partly let and loss making trading stores and costs relating to Early Learning Centre's supply chain warehouse, for the shorter of the remaining period of the lease and the period until, in the directors' opinion, they will be able to exit the lease commitment. The amount provided is based on the future rental obligations together with other fixed outgoings, net of any sub-lease income and in the case of trading stores the expected future shortfall in contribution to cover the fixed outgoings. In determining the provision, the cash flows have been discounted on a pre-tax basis using a risk free rate of return. Significant assumptions are used in making these calculations and changes in assumptions and future events could cause the value of these provisions to change.

Allowances against the carrying value of inventory

The group reviews the market value of and demand for its inventories on a periodic basis to ensure that recorded inventory is stated at the lower of cost and net realisable value. In assessing the ultimate realisation of inventories, the group is required to make judgements as to future demand requirements and to compare these with current inventory levels. Factors that could impact estimated demand and selling prices are timing and success of product ranges (see note 18).

Allowances against the carrying value of trade receivables

Using information available at the balance sheet date, the group reviews its trade receivable balances and makes judgements based on an assessment of past experience, debt ageing and known customer circumstance in order to determine the appropriate level of allowance required to account for potential irrecoverable trade receivables (see note 19).

Allowances against the carrying value of investments in joint ventures

The group reviews the recoverable amount of its investments on a periodic basis. If the recoverable amount is lower than the carrying value the asset is impaired (see note 13).

Notes to the consolidated financial statements

continued

4. Revenue

An analysis of the group's revenue, all of which relates to continuing operations, is as follows:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Revenue	724.9	749.4
Interest revenue (note 8)	–	0.2
Total revenue	724.9	749.6

5. Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reported to the group's board in order to allocate resources to the segments and assess their performance. The group's reporting segments under IFRS 8 are UK and International.

UK comprises the group's UK store and wholesale operations, catalogue and web sales. The International business comprises the group's franchise and wholesale revenues outside the UK. The unallocated corporate expenses represent board and company secretarial costs and other head office costs including audit, professional fees, insurance and head office property.

	52 weeks ended 29 March 2014			
	UK £ million	International £ million	Unallocated corporate expenses £ million	Consolidated £ million
Revenue				
External sales	462.3	262.6	–	724.9
Result				
Segment result (underlying)	(21.5)	45.3	(7.8)	16.0
Share-based payments				(0.1)
Non-cash foreign currency adjustments (non-underlying)				(14.9)
Amortisation of intangible assets (non-underlying)				(1.0)
Exceptional items (note 6)				(19.1)
Loss from operations				(19.1)
Net finance costs (including £0.8 million non-underlying)				(7.2)
Loss before taxation				(26.3)
Taxation				1.2
Loss for the period				(27.5)

	52 weeks ended 30 March 2013			
	UK £ million	International £ million	Unallocated corporate expenses £ million	Consolidated Restated* £ million
Revenue				
External sales	499.7	249.7	–	749.4
Result				
Segment result (underlying)	(21.6)	42.1	(7.8)	12.7
Share-based payments				(0.9)
Non-cash foreign currency adjustments (non-underlying)				6.9
Amortisation of intangible assets (non-underlying)				(1.0)
Exceptional items (note 6)				(35.3)
Loss from operations				(17.6)
Net finance costs (including £0.4 million non-underlying)				(6.3)
Loss before taxation				(23.9)
Taxation				0.1
Loss for the period				(23.8)

* Restated for amendments to IAS 19 as explained in Note 2.

Notes to the consolidated financial statements

continued

5. Segmental information continued

Revenues are attributed to countries on the basis of the customer's location. The largest International customer represents approximately 17.0% (2013: 15.2%) of group sales.

	52 weeks ended 29 March 2014		
	UK £ million	International £ million	Consolidated £ million
Other information			
Capital additions	9.5	2.7	12.2
Depreciation and amortisation	15.7	4.6	20.3
Balance sheet			
Assets			
Segment assets	167.7	96.6	264.3
Unallocated corporate assets			35.9
Consolidated total assets			300.2
Liabilities			
Segment liabilities	162.0	2.5	164.5
Unallocated corporate liabilities			120.5
Consolidated total liabilities			285.0

In addition to the depreciation and amortisation reported above, impairment losses of £3.6 million and £nil million (2013: impairment losses of £4.0 million and £0.1 million) were recognised in respect of property, plant and equipment and intangible assets respectively. These impairment losses were attributable to the UK segment. £2.7 million of the impairment on property, plant and equipment is included within non-underlying administrative expenses and the remaining £0.9 million is included within exceptional property costs.

	52 weeks ended 30 March 2013		
	UK £ million	International £ million	Consolidated £ million
Other information			
Capital additions	10.6	1.9	12.5
Depreciation and amortisation	17.5	3.9	21.4
Balance sheet			
Assets			
Segment assets	204.7	96.4	301.1
Unallocated corporate assets			39.3
Consolidated total assets			340.4
Liabilities			
Segment liabilities	232.3	3.4	235.7
Unallocated corporate liabilities			65.9
Consolidated total liabilities			301.6

Corporate assets not allocated to UK or International represent current tax assets/liabilities, deferred tax assets/liabilities, cash at bank and in hand, currency derivative assets/liabilities, borrowings and retirement benefit obligations.

6. Exceptional and other non-underlying items

Due to their significance or one-off nature, certain items have been classified as exceptional or non-underlying as follows:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Exceptional items:		
Restructuring costs in cost of sales	1.2	(0.2)
Restructuring costs included in administrative expenses	(6.8)	(4.0)
Store property, plant and equipment impairment included in administrative expenses	(2.7)	(1.8)
Share-based payment charge included in administrative expenses	–	(0.1)
Property related costs in other exceptional items	(8.2)	(18.1)
Impairment of investment in and receivables due from joint venture/associate in other exceptional items	(2.6)	(11.1)
Restructuring costs in finance costs	(0.8)	(0.4)
Total exceptional items:	(19.9)	(35.7)
Other non-underlying items:		
Non-cash foreign currency adjustments under IAS 39 and IAS 21 ¹	(14.9)	6.9
Amortisation of intangibles ¹	(1.0)	(1.0)
Exceptional and other non-underlying items	(35.8)	(29.8)

¹ Included in non-underlying cost of sales is a charge of £15.9 million (2013: credit of £5.9 million).

Restructuring costs in cost of sales

During the 52 weeks ended 29 March 2014 a credit of £1.2 million has been recognised in respect of a refund on previous costs incurred for the rationalisation of the group's online warehousing operations (2013: £0.2 million costs were incurred in relation to the same rationalisation).

Restructuring costs in administrative expenses

During the 52 weeks ended 29 March 2014 a charge of £6.8 million (2013: £4.0 million) was recognised relating to head office restructuring and group reorganisation. The objective for the reorganisation was to streamline the business and improve efficiency to support the Transformation and Growth plan. This has resulted in the removal of c. 250 head office roles. Other exceptional costs have been incurred in relation to legal and other costs related to the new banking agreement.

Store property, plant and equipment impairment included in administrative expenses

During the 52 weeks ended 29 March 2014 the group has made a provision of £2.7 million (2013: £1.8 million) for store impairment where the carrying value of property plant and equipment is higher than the net realisable value and value in use.

Property related costs

Provisions of £8.2 million (2013: £18.1 million) have been made for onerous leases and losses on disposal/termination of property interests. The onerous leases relate to vacant, sublet and trading properties having taken into consideration the results for the year, provisions have been recognised where there is an expected shortfall in the store contribution to cover the fixed rental obligations. A discount rate of 2.7% has been used in calculating the provision, being the risk free rate. The losses on disposals relate to the store reduction programme announced in April 2012.

Impairment of joint venture investment

The group owns a 30% share in Wadicare Limited which is a joint venture that trades in Ukraine. Due to the political unrest in the country and the uncertainty of the joint ventures future cashflows the group has made a full provision of £2.6 million against its investment.

Restructuring costs included in net finance costs

These costs are fees associated with entering into the banking facility agreement signed in April 2012. A renegotiation of new bank facility was signed on 18 October 2013 and a charge of £0.8 million for the write-off of the April 2012 unamortised facility charge was recognised in the 52 weeks ended 29 March 2014.

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7. Loss/(profit) from retail operations

Loss/(profit) from retail operations has been arrived at after (crediting)/charging:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Net total foreign exchange losses/(gains)	10.0	(12.0)
Cost of inventories recognised as an expense	460.2	458.7
Write down/(release) of inventories to net realisable value	(0.4)	(1.7)
Depreciation of property, plant and equipment	14.7	15.8
Amortisation of intangible assets – software	4.6	4.6
Amortisation of intangible assets – other included in non-underlying cost of sales	1.0	1.0
Impairment of property, plant and equipment	2.7	1.8
Loss on disposal of property, plant and equipment	0.4	0.4
Net rent of properties	48.7	54.2
Amortisation of lease incentives	(5.2)	(4.9)
Hire of plant and equipment	1.1	1.3
Staff costs (including directors):		
Wages and salaries (including cash bonuses, excluding share-based payment charges)	69.7	77.2
Social security costs	4.6	4.5
Pension costs (see note 30)	3.4	1.7
Share-based payment charges (see note 29)	0.1	0.9
Exceptional costs included in cost of sales (see note 6)	(1.2)	0.2
Exceptional costs included in administrative expenses (see note 6)	6.8	4.0

7. Loss/(profit) from retail operations continued

An analysis of the average monthly number of full and part-time employees throughout the group, including executive directors, is as follows:

	52 weeks ended 29 March 2014 number	52 weeks ended 30 March 2013 number
Number of employees comprising:		
UK stores	4,779	5,264
Head office	653	711
Overseas	181	251
	5,613	6,226
Full time equivalents	3,486	3,959

Details of directors' emoluments, share options and beneficial interests are provided within the remuneration report on pages 76 to 78 and 79 to 81.

For the 52 weeks ended 29 March 2014, profit from retail operations is stated after a non-underlying net charge of £14.9 million (2013: £6.9 million credit) to cost of sales as a result of non-cash foreign currency adjustments under IAS 39 and IAS 21.

The analysis of auditor's remuneration is as follows:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Fees payable to the Company's auditor for the audit of the Company's annual accounts	0.1	0.1
Fees payable to the Company's auditor for other services to the group:		
The audit of the Company's subsidiaries pursuant to legislation	0.2	0.2
Total audit fees	0.3	0.3
Tax compliance services	0.1	0.1
Total non-audit fees	0.1	0.1

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

The policy for the approval of non-audit fees, together with an explanation of the services provided, is set out on page 51, in the Corporate Governance report.

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8. Net finance costs

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 Restated* £ million
Interest receivable	–	(0.2)
Interest and bank fees on bank loans and overdrafts	4.5	3.9
Net interest on liabilities/return on assets	2.7	2.6
Net finance costs	7.2	6.3

* Restated for amendments to IAS 19 as explained in note 2.

9. Taxation

The charge/(credit) for taxation on loss for the period comprises:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Current tax:		
Current year	2.1	1.4
Adjustment in respect of prior periods	–	0.3
	2.1	1.7
Deferred tax: (see note 17)		
Current year	(4.2)	(1.7)
Change in tax rate in respect of prior periods	(0.2)	–
Adjustment in respect of prior periods	3.5	(0.1)
	(0.9)	(1.8)
Charge/(credit) for taxation on loss for the period	1.2	(0.1)

UK corporation tax is calculated at 23% (2013: 24%) of the estimated assessable loss for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. Taxation continued

The charge/(credit) for the period can be reconciled to the loss for the period before taxation per the consolidated income statement as follows:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Loss for the period before taxation	(26.3)	(23.9)
Loss for the period before taxation multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	(6.0)	(5.8)
Effects of:		
Expenses not deductible for tax purposes	2.4	5.1
Change in tax rate	(0.2)	0.1
Impact of overseas tax rates	2.0	(0.5)
Impact of double tax relief	(0.5)	–
Adjustment in respect of prior periods	–	0.2
Impact of write-off of prior year deferred tax asset	3.5	0.8
Charge/(credit) for taxation on loss for the period	1.2	(0.1)

In addition to the amount charged to the income statement, deferred tax relating to retirement benefit obligations amounting to £4.5 million has been charged directly to other comprehensive income (2013: credit of £2.4 million).

10. Dividends

The directors are not recommending the payment of a final dividend for the year (2013: £nil) and no interim dividend was paid during the year (2013: nil pence per share).

11. Earnings per share

	52 weeks ended 29 March 2014 million	52 weeks ended 30 March 2013 million
Weighted average number of shares in issue	88.7	88.5
Dilution – option schemes (for underlying results only)	1.3	1.1
Diluted weighted average number of shares in issue	90.0	89.6
	£ million	Restated* £ million
Loss for basic and diluted earnings per share	(27.5)	(23.8)
Exceptional and other non-underlying items (note 6)	35.8	29.8
Tax effect of above items	(1.5)	(2.3)
Underlying earnings	6.8	3.7
	pence	pence
Basic loss per share	(31.0)	(26.9)
Basic underlying earnings per share	7.7	4.2
Diluted loss per share	(31.0)	(26.9)
Diluted underlying earnings per share	7.6	4.1

* Restated for amendments to IAS 19 as explained in note 2.

Notes to the consolidated financial statements

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12. Subsidiaries

A list of the group's significant investments in subsidiaries, all of which are wholly owned, including the name and country of incorporation is given in note 3 to the Company financial statements. All subsidiaries are included in the consolidation.

13. Investments in joint ventures

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Investments at start of period	8.0	6.8
Additions	2.9	1.8
Share of loss	(0.6)	(0.6)
Impairment	(2.6)	–
Investments at end of period	7.7	8.0
Summary aggregate financial results and position of joint ventures:		
Current assets	27.4	22.5
Non-current assets	8.0	7.2
Total assets	35.4	29.7
Current liabilities	(12.5)	(13.3)
Non-current liabilities	–	–
Total liabilities	(12.5)	(13.3)
Total joint venture revenue	52.6	45.3
Total loss for the period	(2.0)	(2.0)

Details of the joint ventures are as follows:

	Place of incorporation	Proportion of ownership interest %	Proportion of voting power held %
Mothercare-Goodbaby China Retail Limited	Hong Kong	30	50
Rhea Retail Private Limited	India	30	30
Juno Retail Private Limited	India	30	30
Wadicare Limited	Cyprus	30	30

During the year the group made additional investments in Mothercare-Goodbaby China Retail Limited of £2.9 million.

During the year the group fully impaired its investment in Wadicare Limited due to uncertainties in the future cashflows driven by the political unrest in Ukraine which is where the joint venture trades.

14. Investments in associate

	52 weeks ended 29 March 2014 £ million	53 weeks ended 30 March 2013 £ million
Investment at start of period	–	3.2
Additions	–	–
Share of loss	–	(0.8)
Impairment	–	(2.4)
Investment at end of period	–	–
Summary financial results and position of associates:		
Current assets	–	–
Non-current assets	–	–
Total assets	–	–
Current liabilities	–	–
Non-current liabilities	–	–
Total liabilities	–	–
Total revenue for the period	–	14.8
Total loss for the period	–	(2.7)

Details of the associate are as follows:

	Place of incorporation	Proportion of ownership interest %	Proportion of voting power held %
Mothercare Australia Limited	Australia	23.0	23.0

Mothercare owned approximately 23% in Mothercare Australia Limited, a listed company in Australia which was treated as an associate in the consolidated accounts of Mothercare plc. In January 2013 the business was placed into administration and as at 30 March 2013 was fully impaired. Therefore no financial information is presented in the 52 weeks ended 29 March 2014.

Notes to the consolidated financial statements

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15. Goodwill and intangible assets

	Intangible assets					
	Goodwill £ million	Trade name £ million	Customer relationships £ million	Software £ million	Software under development £ million	Total £ million
Cost						
As at 1 April 2012	68.6	28.8	5.7	29.6	–	64.1
Transfers from property, plant and equipment	–	–	–	4.1	–	4.1
Additions	–	–	–	2.8	0.2	3.0
Disposals	–	–	–	(10.1)	–	(10.1)
As at 31 March 2013	68.6	28.8	5.7	26.4	0.2	61.1
Additions	–	–	–	3.0	0.3	3.3
Disposals	–	–	–	(3.0)	–	(3.0)
Transfers	–	–	–	0.2	(0.2)	–
As at 29 March 2014	68.6	28.8	5.7	26.6	0.3	61.4
Amortisation and impairment losses						
As at 1 April 2012	41.8	18.3	5.0	18.7	–	42.0
Impairment losses	–	0.1	–	–	–	0.1
Amortisation	–	0.9	0.1	4.6	–	5.6
Disposals	–	–	–	(6.3)	–	(6.3)
As at 31 March 2013	41.8	19.3	5.1	17.0	–	41.4
Impairment losses	–	–	–	–	–	–
Amortisation	–	0.8	0.2	4.6	–	5.6
Disposals	–	–	–	(3.0)	–	(3.0)
As at 29 March 2014	41.8	20.1	5.3	18.6	–	44.0
Net book value						
As at 31 March 2012	26.8	10.5	0.7	10.9	–	22.1
As at 30 March 2013	26.8	9.5	0.6	9.4	0.2	19.7
As at 29 March 2014	26.8	8.7	0.4	8.0	0.3	17.4

Goodwill, trade name and customer relationships relate to the acquisition of the Early Learning Centre on 19 June 2007, Gurgle Limited on 8 September 2009 and Blooming Marvellous on 7 July 2010. Trade name and customer relationships are amortised over a useful life of 10–20 and 5–10 years respectively.

Impairment of goodwill

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

Goodwill acquired through the business combination has been allocated to the two groups of cash-generating units ('CGUs') that are expected to benefit from that business combination being UK (£nil, 2013: £nil) and International (£26.8 million, 2013: £26.8 million). These segments represent the lowest level within the group at which goodwill is monitored for internal management purposes.

The recoverable amounts of the CGUs are determined from value in use calculations with a discounted cash flow model being used to calculate this amount. The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and expected changes to selling prices. Management has used a pre tax discount rate of 10.1% (2013: 8.8%) which reflects the time value of money and risks related to the CGUs. The cash flow projections are based on financial budgets and forecasts approved by the board covering a three-year period. Cash flows beyond the three-year period assume a 2% growth rate (2013: 2%), which does not exceed the long-term growth rate for the market in which the group operates. The value in use calculations use this growth rate to perpetuity.

15. Goodwill and intangible assets continued

The group has conducted sensitivity analysis on the impairment test of the International CGU. With reasonable possible changes in key assumptions, there is no indication that the carrying amount of goodwill and intangible assets would be reduced to a lower amount.

Software

Software additions include £1.0 million (2013: £0.9 million) of internally generated intangible assets.

At 29 March 2014, the group had entered into contractual commitments for the acquisition of software amounting to £0.4 million (2013: £0.4 million).

16. Property, plant and equipment

	Properties including fixed equipment		Fixtures, fittings, equipment £ million	Assets in course of construction £ million	Total £ million
	Freehold £ million	Leasehold £ million			
Cost					
As at 1 April 2012	10.2	121.7	209.7	10.8	352.4
Transfers	–	–	6.8	(6.8)	–
Transfers to software	–	–	–	(4.1)	(4.1)
Additions	–	4.7	3.5	1.3	9.5
Disposals	(2.3)	(25.0)	(70.8)	–	(98.1)
As at 31 March 2013	7.9	101.4	149.2	1.2	259.7
Transfers	–	–	1.3	(1.3)	–
Additions	–	2.8	4.6	1.5	8.9
Disposals	–	(3.4)	(8.0)	–	(11.4)
Exchange differences	–	(0.1)	–	–	(0.1)
As at 29 March 2014	7.9	100.7	147.1	1.4	257.1
Accumulated depreciation and impairment					
As at 1 April 2012	2.6	93.8	169.7	–	266.1
Charge for period	–	4.3	11.5	–	15.8
Impairment	–	2.1	1.9	–	4.0
Disposals	(0.1)	(24.9)	(70.8)	–	(95.8)
As at 31 March 2013	2.5	75.3	112.3	–	190.1
Charge for period	0.1	4.8	9.8	–	14.7
Impairment	–	0.5	3.1	–	3.6
Disposals	–	(3.4)	(7.6)	–	(11.0)
Exchange differences	–	0.1	–	–	0.1
As at 29 March 2014	2.6	77.3	117.6	–	197.5
Net book value					
As at 31 March 2012	7.6	27.9	40.0	10.8	86.3
As at 30 March 2013	5.4	26.1	36.9	1.2	69.6
As at 29 March 2014	5.3	23.4	29.5	1.4	59.6

1 Restated gross cost and depreciation of disposals since the acquisition of Early Leaning Centre.

The net book value of leasehold properties includes £23.1 million (2013: £25.6 million) in respect of short leasehold properties. £2.7 million of the impairment on property, plant and equipment has been included within non-underlying administration expenses and the remaining £0.9 million is included within exceptional property costs.

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16. Property, plant and equipment continued

At 29 March 2014, the group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £3.0 million (2013: £1.7 million).

Freehold land and buildings with a carrying amount of £5.3 million (2013: £5.4 million) have been pledged to secure the group's borrowing facility (see note 21). The group is not allowed to pledge these assets as security for other borrowings.

17. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the group and movements thereon in the current and prior reporting period:

	Accelerated tax depreciation £ million	Short-term timing differences £ million	Retirement benefit obligations £ million	Share-based payments £ million	Intangible assets £ million	Losses £ million	Total £ million
At 1 April 2012	(1.6)	7.9	12.6	–	(2.0)	0.7	17.6
Credit/(charge) to income	2.4	(0.4)	(0.8)	0.2	0.2	0.2	1.8
Transfer to current tax	–	–	–	–	–	(0.1)	(0.1)
Credit to other comprehensive income	–	–	2.4	–	–	–	2.4
At 31 March 2013	0.8	7.5	14.2	0.2	(1.8)	0.8	21.7
Credit/(charge) to income	1.6	(0.1)	0.2	–	–	(0.8)	0.9
Transfer to current tax	–	–	–	–	0.4	–	0.4
Charge to other comprehensive income	–	–	(4.5)	–	–	–	(4.5)
At 29 March 2014	2.4	7.4	9.9	0.2	(1.4)	–	18.5

Certain deferred tax assets and liabilities have been offset where the group has a legally enforceable right to do so.

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	29 March 2014 £ million	30 March 2013 £ million
Deferred tax assets	25.7	27.1
Deferred tax liabilities	(7.2)	(5.4)
	18.5	21.7

At the balance sheet date the group has unused tax losses of £27.6 million (2013: £24.8 million) available for offset against future profits. No deferred tax asset has been recognised for such losses.

At the reporting date, deferred tax liabilities of £0.2 million (2013: £0.2 million) relating to withholding taxes have not been provided in respect of the aggregate amount of unremitted earnings of £8.4 million (2013: £11.0 million) in respect of subsidiaries and joint ventures. No liability has been recognised because the group, being in a position to control the timing of the distribution of intra group dividends, has no intention to distribute intra group dividends in the foreseeable future that would trigger withholding tax. There are no unremitted earnings in connection with interests in associates and joint ventures.

At 29 March 2014, the group has unused capital losses of £637.0 million (2013: £636.0 million) available for offset against future capital gains. No asset has been recognised in respect of the capital losses as it is not considered probable that there will be future taxable capital gains. The capital losses may be carried forward indefinitely.

18. Inventories

	29 March 2014 £ million	30 March 2013 £ million
Gross value	99.3	117.2
Allowance against carrying value of inventories	(6.2)	(6.6)
Finished goods and goods for resale	93.1	110.6

The amount of write down/(release) of inventories to net realisable value recognised within net income in the period is a credit of £0.4 million (2013: £1.7 million credit).

19. Trade and other receivables

	29 March 2014 £ million	30 March 2013 £ million
Trade receivables gross	43.7	38.9
Allowance for doubtful debts	(1.6)	(1.8)
Trade receivables net	42.1	37.1
Prepayments and accrued income	14.1	17.4
Other receivables	3.6	3.6
Trade and other receivables due within one year	59.8	58.1

The following summarises the movement in the allowance for doubtful debts:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Balance at beginning of period	(1.8)	(1.6)
Released/(charged) in the period	0.2	(0.2)
Balance at end of period	(1.6)	(1.8)

The group's exposure to credit risk inherent in its trade receivables is discussed in note 22. The group has no significant concentration of credit risk. The group operates effective credit control procedures in order to minimise exposure to overdue debts and where possible also carries insurance against the cost of bad debts. The insurance counterparties involved in transactions are limited to high quality financial institutions. Before accepting any new credit customer, the group obtains a credit check from an external agency to assess the credit quality of the potential customer and then sets credit limits on a customer by customer basis.

With the exception of Australia, the historical level of customer default is minimal and as a result the 'credit quality' of year end trade receivables is considered to be high.

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19. Trade and other receivables continued

The ageing of the group's current trade receivables is as follows:

	29 March 2014 £ million	30 March 2013 £ million
Trade receivables gross	43.7	38.9
Allowance for doubtful debts	(1.6)	(1.8)
Trade receivables net	42.1	37.1
Of which trade receivables gross comprise:		
Amounts not past due on the reporting date	36.6	33.9
Amounts past due:		
Less than one month	3.6	2.2
Between one and three months	0.8	0.7
Between three and six months	1.2	1.1
Greater than six months	1.5	1.0
Allowance for doubtful debts:		
Amounts not past due on the reporting date	(0.2)	(0.5)
Less than one month	–	(0.2)
Between one and three months	–	–
Between three and six months	(0.4)	(0.5)
Greater than six months	(1.0)	(0.6)
Trade accounts receivable net carrying amount	42.1	37.1

Provisions for doubtful trade accounts receivable are established based upon the difference between the receivable value and the estimated net collectible amount. The group establishes its provision for doubtful trade accounts receivable based on its historical loss experiences and an analysis of the counterparty's current financial position.

The average credit period taken on sales of goods is disclosed in note 23. No interest is charged on trade receivables, however, the right to charge interest on outstanding balances is retained.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

20. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

21. Borrowing facilities

The group had outstanding borrowings at 29 March 2014 of £63.8 million (2013: £50.0 million).

Committed borrowing facilities

The group agreed a refinancing of its banking facilities as of 18 October 2013 with its two existing banks, re-categorising £10 million of the term loan to the revolving credit facility and extending the term to 31 May 2017 at an interest rate range of 3% to 3.25% above LIBOR. These facilities comprise a £40 million term loan and a £50 million revolving credit facility of which £10 million is available to be utilised in the form of an overdraft. At the year end £40 million had been drawn down against the facility as a term loan. The term loan carries a fixed interest rate at 2.5% to 3.5% per annum over LIBOR. The group hedges all of this floating interest rate risk using an interest rate swap exchanging variable rate interest for fixed rate interest.

Subsequent to the balance sheet date the group amended the banking facilities. Refer to note 32 for further details.

21. Borrowing facilities continued

	29 March 2014 £ million	30 March 2013 £ million
Borrowings:		
Secured borrowings at amortised cost:		
Committed facility	(40.0)	(50.0)
Revolving credit facility	(25.0)	–
Facility fee	1.2	–
Amount due for settlement within one year	(27.6)	(3.5)
Amount due for settlement after one year	(36.2)	(46.5)
Total borrowings	(63.8)	(50.0)
Weighted average interest rate paid (%)	4.38	4.68

22. Risks arising from financial instruments

A. Terms, conditions and risk management policies

The board approves treasury policies and senior management directly controls day-to-day operations within these policies. The major financial risks to which the group is exposed relate to movements in foreign exchange rates and interest rates. Where appropriate, cost effective and practicable the group uses financial instruments and derivatives to manage these risks. No speculative use of derivatives, currency or other instruments is permitted. The group's financial risk management policy is described in note 2.

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of net debt, which includes borrowings disclosed in note 21 after deducting cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

B. Foreign currency risk management

The group incurs foreign currency risk on purchases whenever they are denominated in a currency other than the functional currency. This risk is managed through holding derivative financial instruments and through the natural offset of sales and purchases denominated in foreign currency.

The group uses forward foreign currency contracts to reduce its cash flow exposure to exchange rate movements, primarily on the US dollar. For forward contracts taken out prior to 5 January 2014 the group has not hedge accounted for its forward foreign currency contracts under the requirements of IAS 39. These derivative financial instruments have been recognised as assets and liabilities measured at their fair values at the balance sheet date and changes in their fair values have been recognised in the income statement. For contracts taken out after 5 January 2014 the group has applied hedge accounting and the contracts are considered effective cashflow hedges and are accounted for by recognising the gain/loss on the hedge through reserves rather than the income statement.

These arrangements are designed to address significant foreign exchange exposures on forecast future purchases of goods for the following year and are renewed on a revolving basis as required.

In addition the group also incurs foreign currency risk on royalty income as local sales are translated into sterling amounts on which royalties are calculated. Historically these royalty receipts have not been hedged. To help mitigate against further currency impacts, we have hedged our Russian rouble, Indian rupee and Indonesian rupiah exposure for the first half of the new financial year. We will monitor the situation and consider putting in place a rolling six-month hedging strategy for certain of our markets. Forward contracts have been taken out against the Russian rouble in the year ending March 2015 and hedge accounting has been applied for these contracts and the gain/loss on the hedge recognised through reserves.

Derivatives embedded in non-derivative host contracts have been recognised separately as derivative financial instruments when their risks and characteristics are not closely related to those of the host contract and the host contract is not stated at its fair value with changes in its fair value recognised in the income statement.

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22. Risks arising from financial instruments continued

International sales represent 36% (2013: 33%) of group sales. Of these sales, 33% (2013: 35%) were invoiced in foreign currency. The group purchases product in foreign currencies, representing approximately 54% (2013: 51%) of purchases.

The following table provides an overview of the notional value of derivative financial instruments outstanding at year end by maturity profile:

	29 March 2014 £ million	30 March 2013 £ million
Foreign currency forward exchange contracts:		
Not later than one year	150.2	118.5
After one year but not more than five years	18.1	6.1
	168.3	124.6

The carrying amount of the group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	29 March 2014 £ million	30 March 2013 £ million	29 March 2014 £ million	30 March 2013 £ million
US dollar	(1.5)	(4.0)	10.6	6.2
Euro	(0.3)	–	–	0.4
Hong Kong dollar	(1.5)	(3.7)	0.5	0.7
Indian rupee	(0.5)	(1.0)	2.5	1.9
Chinese renminbi	(0.3)	(0.3)	0.1	0.2
Bangladeshi taka	–	–	0.1	0.2
Australian dollar	–	–	–	0.3
Singapore dollar	–	–	–	0.1
	(4.1)	(9.0)	13.8	10.0

The total amounts of outstanding forward foreign currency contracts to which the group has committed is as follows:

	29 March 2014 £ million	30 March 2013 £ million
At notional value	168.3	124.6
At fair value – less than one year	(6.6)	6.9
At fair value – more than one year	–	0.4
Total fair value	(6.6)	7.3

At 29 March 2014, the average hedged rate for outstanding forward foreign currency contracts is 1.60 for US dollars and 63.3 for Russian roubles. These contracts mature between April 2014 and June 2015.

The fair value of foreign currency forward contracts is measured using quoted foreign exchange rates and yield curves from quoted rates matching the maturities of the contracts, and they therefore are categorised within level 2 of the fair value hierarchy set out in IFRS 7.

The fair value of embedded derivatives is £0.1 million below notional value (2013: £nil million).

22. Risks arising from financial instruments continued

Currency sensitivity analysis

The group's foreign currency financial assets and liabilities are denominated mainly in US dollars. The following table details the impact of a 10% increase in the value of pounds sterling against the US dollar. A negative number indicates a net decrease in the carrying value of assets and liabilities and a corresponding loss in non-underlying profit where pounds sterling strengthens against the US dollar.

	Profit and loss impact		Equity impact	
	29 March 2014	30 March 2013	29 March 2014	30 March 2013
US dollar impact	(14.2)	(13.9)	(17.7)	(13.9)

C. Credit risk

Credit risk is the risk that a counterparty may default on their obligation to the group in relation to lending, hedging, settlement and other financial activities. The group's credit risk is primarily attributable to its trade receivables. The group has a credit policy in place and the exposure to counterparty credit risk is monitored. The group mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties, working within agreed counterparty limits and trade insurance and bank guarantees where appropriate.

The carrying amount of the financial assets represents the maximum credit exposure of the group. The carrying amount is presented net of impairment losses recognised. The maximum exposure to credit risk comprises trade receivables as shown in note 19, and cash and cash equivalents of £17.3 million and derivative financial assets.

The average credit period on trade receivables was 21 days (2013: 19 days) based on total group revenue. The average credit period on International trade receivables based on international revenue was 59 days (2013: 57 days).

D. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities and monitoring covenant compliance and headroom. Included in note 21 is a description of additional undrawn facilities that the group has at its disposal to further reduce liquidity risk.

E. Interest rate risk

The principal interest rate risk of the group arises in respect of its sterling term loan and the revolving credit facility. The group's sensitivity to interest rates has decreased, mainly due to the use of interest rates swaps to swap floating rate debt to fixed rate debt. Under interest rate swaps the group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

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22. Risks arising from financial instruments continued

The total amounts of term borrowings on which outstanding interest rate swap contracts have been taken out and to which the group is committed is as follows:

	29 March 2014 £ million	30 March 2013 £ million
Notional value of term borrowings	40.0	50.0
Interest rate swaps at fair value	–	(0.3)

	Average contract fixed interest rate		Notional principal value		Fair value	
	29 March 2014 %	30 March 2013 %	29 March 2014 £ million	30 March 2013 £ million	29 March 2014 £ million	30 March 2013 £ million
Tranche 1	0.830	1.131	17.0	20.0	–	(0.2)
Tranche 2	0.670	1.040	3.0	20.0	–	(0.1)
Tranche 3	0.702	0.69	3.0	10.0	–	–
Tranche 4	0.740	–	3.0	–	–	–
Tranche 5	0.780	–	3.0	–	–	–
Tranche 6	0.830	–	11.0	–	–	–
			40.0	50.0	–	(0.3)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months LIBOR. The group settles the difference between the fixed and floating rate on a net basis. All interest rate swap contracts exchanging floating rate interest for fixed rate interest are designated and effective as cash flow hedges to reduce the group's cash flow exposure resulting from variable interest rates on the term loan. During the period the hedge was considered 100% effective in hedging the fair value exposure to interest rate movements.

23. Trade and other payables

	29 March 2014 £ million	30 March 2013 £ million
Current liabilities		
Trade payables	63.5	70.3
Payroll and other taxes including social security	2.0	1.8
Accruals and deferred income	35.8	43.4
VAT payable	–	2.8
Lease incentives	4.7	5.0
	106.0	123.3
Non-current liabilities		
Lease incentives	24.1	28.1

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 52 days (2013: 57 days). The group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The directors consider that the carrying amount of trade payables approximates to their fair value.

24. Provisions

	29 March 2014 £ million	30 March 2013 £ million
Current liabilities		
Property provisions	16.7	20.5
Other provisions	0.7	0.9
Short-term provisions	17.4	21.4
Non-current liabilities		
Property provisions	16.3	15.4
Other provisions	0.7	1.0
Long-term provisions	17.0	16.4
Property provisions	33.0	35.9
Other provisions	1.4	1.9
Total provisions	34.4	37.8

The movement on total provisions is as follows:

	Property provisions £ million	Other provisions £ million	Total provisions £ million
Balance at 31 March 2013	35.9	1.9	37.8
Utilised in period	(10.7)	(0.5)	(11.2)
Charged in period	10.0	0.2	10.2
Released in period	(2.2)	(0.2)	(2.4)
Balance at 29 March 2014	33.0	1.4	34.4

Property provisions principally represent the costs of store disposals or closures relating to the optimisation of the UK portfolio which involves the closure of Mothercare and Early Learning Centre stores and provisions for onerous lease costs. Provisions for onerous leases have been made for vacant, partly let and trading stores for the shorter of the remaining period of the lease and the period, until the group will be able to exit the lease commitment. For trading stores the amount provided is based on the shortfall in contribution required to cover future rental obligations together with other fixed outgoings. The majority of this provision is expected to be utilised over the next three financial years.

Other provisions represent provisions for uninsured losses (£1.3 million), hence the timing of the utilisation of these provisions is uncertain and provisions for an onerous support contract for a decommissioned IT project (£0.1 million) which is expected to be utilised over the next year.

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25. Share capital

	52 weeks ended 29 March 2014 Number of shares	52 weeks ended 30 March 2014 Number of shares	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Issued and fully paid				
Ordinary shares of 50 pence each:				
Balance at beginning of period	88,653,417	88,636,762	44.3	44.3
Issued under the Mothercare Share Schemes	160,181	16,655	0.1	–
Balance at end of period	88,813,598	88,653,417	44.4	44.3

Further details of employee and executive share schemes are given in note 29.

The own shares reserve of £0.4 million (2013: £0.6 million) represents the cost of shares in Mothercare plc purchased in the market and held by the Mothercare Employee Trusts to satisfy options under the group's share option schemes (see note 29). The total shareholding is 70,269 (2013: 108,497) with a market value at 29 March 2014 of £0.1 million (2013: £0.3 million).

26. Translation and hedging reserve

	52 weeks ended 29 March 2014 £ million
Balance at beginning of period	0.3
Exchange differences on translation of foreign operations	(1.3)
Cash flow hedges: gains/(losses) arising in the period	(0.1)
Balance at end of period	(1.1)

27. Reconciliation of cash flow from operating activities

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 Restated* £ million
(Loss)/profit from retail operations	(7.7)	13.0
Adjustments for:		
Depreciation of property, plant and equipment	14.7	15.8
Amortisation of intangible assets	5.6	5.6
Impairment of property, plant and equipment and intangible assets	2.7	1.9
Losses on disposal of property, plant and equipment and intangible assets	0.4	4.2
Loss/(profit) on non-underlying non-cash foreign currency adjustments	14.9	(6.9)
Equity-settled share-based payments	0.1	0.8
Movement in provisions	(10.8)	(15.4)
Cash payments for other exceptional items	(0.2)	–
Amortisation of lease incentives	(5.2)	(4.9)
Lease incentives received	0.7	3.5
Payments to retirement benefit schemes	(6.2)	(7.2)
Charge/(credit) to profit from operations in respect of retirement benefit schemes	1.1	(0.1)
Operating cash flow before movement in working capital	10.1	10.3
Decrease/(increase) in inventories	14.4	(11.7)
Increase/(decrease) in receivables	(3.3)	8.5
Decrease/(increase) in payables	(15.5)	2.2
Cash generated from operations	5.7	9.3
Income taxes paid	(1.7)	(2.5)
Net cash inflow from operating activities	4.0	6.8

* Restated for amendments to IAS 19 as explained in note 2.

Analysis of Net Debt

	30 March 2013 £ million	Cash flow £ million	Foreign exchange £ million	Other non-cash movements £ million	29 March 2014 £ million
Cash and cash equivalents/(debt)	17.6	1.3	(1.6)	–	17.3
Borrowings	(50.0)	(15.0)	–	–	(65.0)
Facility fee	–	1.4	–	(0.2)	1.2
Net debt	(32.4)	(12.3)	(1.6)	(0.2)	(46.5)

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28. Operating lease arrangements

The group as lessee:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Amounts recognised in cost of sales for the period:		
Minimum lease payments paid	49.7	55.3
Contingent rents	0.3	0.4
Minimum sub-lease payments received	(0.2)	(0.2)
Net rent expense for the period	49.8	55.5

Contingent rent relates to store properties where an element of the rent payable is determined with reference to store turnover.

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	29 March 2014 £ million	30 March 2013 Restated* £ million
Not later than one year	51.8	58.8
After one year but not more than five years	162.0	175.3
After five years	114.8	143.4
Total future minimum lease payments	328.6	377.5

* Restated to reflect the future minimum lease payments through to a break clause or lease expiry date. Previously the future minimum lease payments were through to lease expiry. This change has reduced the total future minimum lease payments by £8.7 million.

At the balance sheet date, the group had contracted with sub-tenants for the following future minimum lease payments:

	29 March 2014 £ million	30 March 2013 £ million
Not later than one year	1.4	1.4
After one year but not more than five years	2.2	2.7
After five years	0.9	1.4
Total future minimum lease payments	4.5	5.5

29. Share-based payments

An expense is recognised for share-based payments based on the fair value of the awards (at the date of grant for those awards due to be equity settled and at year end for those due to be cash settled), the estimated number of shares that will vest and the vesting period of each award.

The underlying charge for share-based payments is £0.1 million (2013: £0.9 million), including national insurance, of which £nil million (2013: £0.8 million) was equity-settled. The exceptional charge for share-based payments of £nil million (2013: £0.1 million).

At 29 March 2014 the liability in the balance sheet is £nil million related to the expected national insurance charge when share-based payment schemes vest (2013: £0.2 million).

These charges relate to the following schemes:

- A. Executive Share Option Scheme
- B. Save As You Earn Schemes
- C. Executive Incentive Plan
- D. Performance Share Plan
- E. Deferred Shares Scheme
- F. Share Matching Scheme
- G. Long-Term Incentive Plans

Details of the share schemes that the group operates are provided in the Directors' Remuneration Report on pages 57 to 81.

For each scheme, expected volatility was determined with reference to the 90-day volatility of the group's share price over the previous three years. The expected life used in each model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The dates of exercise are not disclosed, as it is not deemed practicable to do so.

A. Executive Share Option Scheme

Share options may be granted to executives and senior managers at a price equal to the average quoted market price of the group's shares on the date of grant. The options vest after three years, conditional on the group's share price exceeding 3% per annum compound growth over the vesting period. If the options remain unexercised after a period of 10 years from the date of grant, they expire. Furthermore, options are forfeited if the employee leaves the group before the options vest.

The number of options outstanding under the executive share option scheme is as follows:

	Weighted average option price	52 weeks ended 29 March 2014 Number of shares	52 weeks ended 31 March 2013 Number of shares
Balance at beginning of period	324p	22,500	30,000
Exercised during the period	324p	(20,000)	–
Lapsed during the period	–	–	(7,500)
Balance at end of period	324p	2,500	22,500

The options outstanding at 30 March 2013 had a weighted average remaining contractual life of 1.4 years and ranged in price from 284p to 335p.

B. Save As You Earn Schemes

The employee Save As You Earn Schemes are open to all eligible employees and provide for a purchase price equal to the daily average market price on the days prior to the offer date, less 20%.

The share options can be applied for during a two-week period in the year of invitation and savings are placed in an employee Save As You Earn bank account held on trust for a three-year period.

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29. Share-based payments continued

The number of shares outstanding under the Save As You Earn Schemes is as follows:

	Weighted average exercise price	52 weeks ended 29 March 2014 Number of shares	52 weeks ended 30 March 2013 Number of shares
Balance at beginning of period	138p	2,593,812	3,186,791
Granted during period	310p	199,071	299,407
Forfeited during period	130p	(204,314)	(234,320)
Exercised during period	116p	(140,181)	(16,655)
Cancelled in the period	165p	(110,467)	(197,200)
Expired during period	350p	(100,905)	(444,211)
Balance at end of period	145p	2,237,016	2,593,812

The shares outstanding at 29 March 2014 had a weighted average remaining contractual life of 1.7 years and ranged in price from 116p to 310p.

The fair value of Save As You Earn share options is calculated based on a Black-Scholes model with the following assumptions:

	December 2013	December 2012	December 2011
Grant date			
Number of options granted	199,071	299,407	2,752,739
Share price at grant date	410p	340p	159p
Exercise price	310p	242p	115p
Expected volatility	43.0%	50.0%	43.1%
Risk-free rate	0.86%	0.46%	0.58%
Expected dividend yield	Nil	Nil	3.00%
Time to expiry	3.25 years	3.25 years	3.25 years
Fair value of option	169.2p	158.5p	56.4p

The resulting fair value is expensed over the service period of three-years on the assumption that 20% of options will lapse over the service period as employees leave the group.

C. Executive Incentive Plan

The Executive Incentive Plan is a conditional award based on surplus value created over a three-year performance period. The surplus value is calculated as the difference between the total shareholder return of Mothercare and that of the FTSE All-Share General Retailers Index, multiplied by Mothercare's market capitalisation. The 2011 scheme is a wholly equity settled scheme where some of the shares can be delivered on vesting and the remainder deferred.

The fair value of the Executive Incentive Plan award is calculated using a binomial model with the following assumptions at grant date:

	May 2011
Grant date	
Market capitalisation at award date	£449.0m
Expected Mothercare share price volatility	30.0%
Expected Index volatility	30.0%
Risk-free rate	2.38%
Correlation between Mothercare and the Index	50.0%
Time to expiry	3 years
Fair value at grant date	£1.8m
Fair value at 29 March 2014	£0.1m

D. Performance Share Plan

The Performance Share Plan is a conditional award of shares based on the expected growth in Mothercare's profit before taxation over three years. The number of shares outstanding under the Performance Share Plan is as follows:

	52 weeks ended 29 March 2014 Number of shares	52 weeks ended 30 March 2013 Number of shares
Balance at beginning of period	674,957	1,051,318
Lapsed during period	(224,582)	(376,361)
Balance at end of period	450,375	674,957

The fair value of the plan award is calculated based on Mothercare's estimate of future profit per share growth. At the current time the group's forecasts suggest that the performance share plan is not expected to pay out and consequently no cumulative charge has been recognised.

	November 2011	May 2011
Grant date		
Number of shares awarded	376,154	618,653
Exercise price	Nil	Nil
Time to expiry	3 years	3 years
Fair value per share	137p	446p

E. Deferred Shares Scheme

The Deferred Shares scheme is a conditional award of shares determined on historic company performance. No deferred shares have been issued since June 2010. The number of shares outstanding under the Deferred Shares scheme is as follows:

	52 weeks ended 29 March 2014 Number of shares	52 weeks ended 30 March 2013 Number of shares
Balance at beginning of period	37,651	109,709
Lapsed during period	–	(18,577)
Vested during period	(37,651)	(53,481)
Balance at end of period	–	37,651

	June 2010	June 2010
Grant date		
Number of shares awarded	96,060	96,060
Fair value price at date of grant	557p	557p
Exercise price	Nil	Nil
Time to expiry	expired	expired

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29. Share-based payments continued

F. Share Matching Scheme

During the year ended 31 March 2012, the Chairman was granted 60,000 options with a nominal exercise price which vest in August 2014. To enable maximum vesting the Company total shareholder return over the three year performance period must be greater than or equal to the total shareholder return of the FTSE 250 plus 50%. As a condition of this award the Chairman was required to purchase shares in the Company for a value of £0.2 million and must continue to hold these shares over the performance period. At the date of grant the fair value of these awards was less than £0.1 million.

Upon assuming the role of Executive Chairman, the Chairman was granted a further 54,997 options with a nominal exercise price which vest in November 2014. To enable maximum vesting the Company total shareholder return over the three-year performance period must be greater than or equal to the total shareholder return of the FTSE 250 plus 50%. As a condition of this award the Chairman is required to purchase shares in the Company for a value of £0.4 million and must continue to hold these shares over the performance period. At the date of grant the fair value of these awards was less than £0.1 million.

	December 2011	December 2011
Grant date		
Number of shares awarded	60,000	54,997
Share price at date of grant	155p	155p
Fair value price at date of grant	116p	116p
Exercise price	Nil	Nil
Time to expiry	3 years	3 years

The shares were granted in two tranches with expiry in August and November 2014.

The resulting fair value is expensed over the service period of three years.

G. Long-Term Incentive Plans

In March 2013 the group announced the first awards under the Mothercare plc 2012 Long Term Incentive Plan. This scheme provides the opportunity for executive directors and senior employees to earn awards which will vest in whole or part subject to the achievement of stretching corporate performance conditions supporting the Transformation and Growth plan. The performance conditions relate to the group profit before tax and share price performance. In addition the UK business must break even in the financial year ending March 2015 or March 2016. The performance period is from 1 April 2012 to 31 March 2015 and the performance conditions will be tested in relation to the financial year 2015 results to determine what percentage of the shares vest. No consideration is payable for the grant of these awards.

In December 2013 the group granted further awards under the Mothercare plc 2013 Long Term Incentive Plan. The Performance conditions relate to group profit before tax, UK profit before tax and share price performance, these conditions will be tested in relation to financial years ending March 2016 and March 2017 to determine what percentage of the shares vest. Specifically the performance period for the group profit before tax and share price performance measures is 31 March 2013 to 26 March 2016, and the performance period for the UK profit before tax performance measure is 31 March 2013 to 25 March 2017. No consideration is payable for the grant of these awards.

	December 2013	December 2013	December 2013	March 2013	March 2013
	PBT awards	PBT awards	Share price awards	PBT awards	Share price awards
Grant date					
Number of shares awarded	242,961	404,934	647,895	1,152,153	1,152,154
Share price at date of grant	443p	443p	443p	289p	289p
Exercise price	Nil	Nil	Nil	Nil	Nil
Expected volatility	56.4%	49.3%	43.7%	57.8%	57.8%
Risk-free rate	0.68%	1.08%	0.63%	0.28%	0.28%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil
Fair value of shares granted	443p	443p	228p	289p	130p
Average time to expiry	3 years	4 years	3.5 years	2.5 years	2.5 years

30. Retirement benefit schemes

Defined contribution schemes

The group operates defined contribution retirement benefit schemes for all qualifying employees of Early Learning Centre Limited and Mothercare UK Limited.

The total cost charged to the income statement of £2.0 million (2013: £0.5 million) represents contributions due and paid to these schemes by the group at rates specified in the rules of the plan.

Defined benefit schemes

The group previously operated two defined benefit pension schemes for employees of Mothercare UK Limited, these were both closed to future accrual with effect from 30 March 2013.

The pension scheme assets are held in a separate trustee administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interest of the fund's beneficiaries.

For the protection of members' interests, the group has appointed three trustees, two of whom are independent of the group. To maintain this independence, the trustees and not the group are responsible for appointing their own successors.

The most recent full actuarial valuations as at March 2011 were updated as at 29 March 2014 for the purpose of these disclosures with the advice of professionally qualified actuaries. The present value of the defined benefit obligation, the related current service cost and the past service cost were measured using the projected unit credit method.

The scheme exposes the Company to actuarial risks such as longevity risk, interest rate risk, market (investment) risk.

The IAS 19 valuation conducted for the period ending 29 March 2014 disclosed a net defined pension deficit of £49.7 million (2013: £61.6 million).

The major assumptions used in the updated actuarial valuations were:

	29 March 2014	30 March 2013
Discount rate	4.5%	4.6%
Inflation rate – RPI	3.4%	3.4%
Inflation rate – CPI	2.4%	2.4%
Future pension increases	3.2%	3.3%
Male life expectancy at age 65	23.5 years	23.7 years
Male life expectancy at age 65 (currently aged 45)	24.8 years	25.1 years

1 Following the closure of the Scheme to future benefit accrual, a salary increase assumption is not required.

The mortality assumptions used are the SAPS tables published by the CMI allowing for future improvements in line with the CMI 2013 projections with a long-term annual rate of improvement of 1%.

The effects of movements in the principal assumptions used to measure the scheme liabilities for every change in the relevant assumption are set out below:

Assumption	Change in assumption	Impact on scheme liabilities £ million
Discount rate	+/- 0.1%	+ 6.5/- 6.5
Rate of price inflation	+/- 0.1%	+ 5.5/- 6.3
Life expectancy	+ 1 year	+ 8.0

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30. Retirement benefit schemes continued

The above sensitivities are applied to adjust the defined benefit obligation at the end of the reporting period. Whilst the analysis does not take account of the full distribution of cash flows expected under the scheme, it does provide an approximation to the sensitivity of the assumptions shown.

Amounts expensed in the income statement in respect of the defined benefit schemes are as follows:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 Restated* £ million
Service cost	–	2.4
Running costs	1.1	0.8
Net interest on liabilities/ return on assets	2.7	2.6
Gains on curtailment	–	(3.3)
	3.8	2.5

* Restated for amendments to IAS 19 as explained in note 2.

Service cost and running costs are included in underlying administrative expenses, the curtailment gain is included within non-underlying administrative expenses and net interest on liabilities/return on assets is included in finance costs.

The amount recognised in other comprehensive income for the period ending 29 March 2014 is a gain of £9.5 million (2013: a loss of £13.6 million).

The amount included in the balance sheet arising from the group's obligations in respect of its defined benefit retirement schemes is as follows:

	29 March 2014 £ million	30 March 2013 £ million
Present value of defined benefit obligations	303.0	296.4
Fair value of schemes' assets	(253.3)	(234.8)
Liability recognised in balance sheet	49.7	61.6

Movements in the present value of defined benefit obligations were as follows:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 Restated* £ million
At beginning of period	296.4	270.0
Service cost	–	2.4
Gains on curtailments	–	(3.3)
Interest expense	13.4	13.2
Actuarial losses (gains) arising from changes in demographic assumptions	(2.1)	–
Actuarial losses (gains) arising from changes in financial assumptions	5.1	21.9
Experience losses (gains) on liabilities	–	–
Contribution from scheme members	–	1.2
Benefits paid	(9.8)	(9.0)
At end of period	303.0	296.4

* Restated for amendments to IAS 19 as explained in note 2.

Movements in the fair value of schemes' assets were as follows:

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 Restated* £ million
At beginning of period	234.8	217.3
Interest income	10.7	10.6
Scheme administration expenses	(1.1)	(0.8)
Return on scheme assets excluding interest income	12.5	8.3
Company contributions	6.2	7.2
Members' contributions	–	1.2
Benefits paid	(9.8)	(9.0)
At end of period	253.3	234.8

* Restated for amendments to IAS 19 as explained in note 2.

The major categories of scheme assets are as follows:

	29 March 2014 £ million	29 March 2014 £ million	30 March 2013 £ million	30 March 2013 £ million
	Quoted market price in active market	No quoted market price in active market	Quoted market price in active market	No quoted market price in active market
UK equities	56.0	–	48.2	–
Overseas equities	44.0	–	36.5	–
Corporate bonds	83.7	–	76.5	–
Property	–	5.9	–	21.1
Hedge funds	61.3	–	47.2	–
Cash and cash equivalents	2.4	–	5.3	–
	247.4	5.9	213.7	21.1

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30. Retirement benefit schemes continued

The scheme assets do not include any of the group's own financial instruments nor any property occupied by or other assets used by the group.

The estimated amount of cash contributions expected to be paid to the schemes during the 52 weeks ending 29 March 2015 is £6.3 million.

The scheme is funded by the Company. Funding of the scheme is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above. Funding requirements are formally set out in the Statement of Funding Principles, Schedule of Contributions and Recovery Plan agreed between the trustees and the Company.

The weighted average duration of the defined benefit obligation at 29 March 2014 is approximately 23.5 years (2013: 23.5 years).

The defined benefit obligation at 29 March 2014 can be approximately attributed to the scheme members as follows:

► Active members: 0% (2013: 0%)

► Deferred members: 75% (2013: 75%)

► Pensioner members: 25% (2013: 25%)

All benefits are vested at 29 March 2014 (unchanged from 30 March 2013).

31. Related party transactions

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 ventures and associates are disclosed below.

Trading transactions

During the year, group companies entered into the following transactions with related parties who are not members of the group:

	Sales of goods £ million	Purchase of goods £ million	Amounts owed by related parties £ million	Amounts owed to related parties £ million
52 weeks ended 29 March 2014				
Joint ventures and associates	21.1	–	7.0	–
52 weeks ended 30 March 2013				
Joint ventures and associates	21.5	–	5.8	–

Sales of goods to related parties were made at the group's usual cost prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received at the year end. A provision of £1.2 million (2013: £0.8 million) has been made for doubtful debts in respect of the amounts owed by related parties. An amount of £nil million (2013: £8.2 million) has been written off in respect of amounts owed by related parties.

Remuneration of key management personnel

The remuneration of the operating board (including executive and non-executive directors), who are the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual directors is provided in the audited part of the Remuneration Report on pages 77 to 81.

31. Related party transactions continued

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Short-term employee benefits	3.6	3.1
Post employment benefits	0.3	0.3
Compensation for loss of office	0.3	0.7
Share-based payments	–	0.4
	4.2	4.5

Mothercare Pension scheme

Details of other transactions and balances held with the two pension schemes are set out in note 30.

Other transactions with key management personnel

There were no other transactions with key management personnel.

32. Events after the balance sheet date

On 20 May 2014 the group amended the banking facilities with the continued support of its two existing banks, increasing the committed facilities to £100 million which then reduces to £90 million from 10 October 2014 and providing further headroom on the gearing and fixed charge cover covenants.

Company financial statements

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Company balance sheet

As at 29 March 2014

	Note	29 March 2014 £ million	30 March 2013 £ million
Fixed assets			
Investments in subsidiary undertakings	3	161.0	171.1
		161.0	171.1
Current assets			
Debtors	4	79.2	80.1
Cash at bank and in hand and time deposits		90.3	58.0
		169.5	138.1
Creditors – amounts falling due within one year	5	(196.8)	(145.1)
Net current liabilities		(27.3)	(7.0)
Total assets less current liabilities		133.7	164.1
Creditors – amounts falling due after more than one year	5	(36.2)	(46.5)
Net assets		97.5	117.6
Capital and reserves attributable to equity interests			
Called up share capital	6	44.4	44.3
Share premium	7	6.3	6.2
Other reserve	7	–	6.2
Own shares	7	(0.4)	(0.6)
Hedging reserve	7	–	(0.3)
Profit and loss account	7	47.2	61.8
Equity shareholders' funds	8	97.5	117.6

Approved by the Board on 21 May 2014 and signed on its behalf by:



Matt Smith
Chief Financial Officer

Company Registration Number: 1950509

Notes to the company financial statements

1. Significant accounting policies

Basis of presentation

The Company's accounting period covers the 52 weeks ended 29 March 2014. The comparative period covered the 52 weeks ended 30 March 2013.

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and on the going concern basis as described in the going concern statement in the Corporate Governance Report and in accordance with applicable United Kingdom law and United Kingdom generally accepted accounting standards. The principal accounting policies are presented below and have been applied consistently throughout the 52 weeks ended 29 March 2014 and the preceding 52 weeks ended 30 March 2013.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Cash flow statement

The Company is exempt from the requirement of FRS 1 (revised) to include a cash flow statement as part of its Company financial statements because it prepares a consolidated cash flow statement which is shown on page 92.

Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Related parties

The Company has taken advantage of paragraph 3 (c) of Financial Reporting Standard 8 ('Related Party Disclosures') not to disclose transactions with group entities or interests of the group qualifying as related parties.

2. Profit and loss account

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented for the Company. The Company's loss for the 52 weeks ended 29 March 2014 was £20.7 million (2013: loss of £54.4 million). The auditor's remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

3. Investments in subsidiary undertakings

Investments in the Company's balance sheet consist of its investments in subsidiary undertakings.

The Company's significant subsidiaries, all of which are wholly owned, are as follows:

	Principal activity	Country of incorporation
Mothercare UK Limited	Retailing company	United Kingdom
Mothercare Procurement Limited	Sourcing company	Hong Kong
Early Learning Centre Limited	Retailing company	United Kingdom

The Company's investment in its subsidiary undertakings is as follows:

	29 March 2014 £ million	30 March 2013 £ million
Cost of investments (less amounts written off £153.0 million (2013: £153.0 million))	150.3	150.2
Loans to subsidiary undertakings	65.5	65.5
	215.8	215.7

3. Investments in subsidiary undertakings continued

	£ million
Cost	
At 31 March 2013	215.7
Share-based payments to employees of subsidiaries	0.1
At 29 March 2014	215.8
Impairment	
At 31 March 2013	(44.6)
Charged during the period	(10.2)
At 29 March 2014	(54.8)
Net book value	161.0

4. Debtors

	29 March 2014 £ million	30 March 2013 £ million
Amounts due from subsidiary undertakings	79.1	79.2
Other debtors	0.1	0.9
	79.2	80.1

5. Creditors

Creditors: amounts due within one year

	29 March 2014 £ million	30 March 2013 £ million
Amounts due to subsidiary undertakings	168.2	140.7
Borrowings	27.6	3.5
Derivative financial instruments	–	0.3
Accruals and other creditors	1.0	0.6
	196.8	145.1

Creditors: amounts due after more than one year

	29 March 2014 £ million	30 March 2013 £ million
Borrowings	36.2	46.5
	36.2	46.5

Notes to the company financial statements

continued

6. Called up share capital

	Number of shares	£ million
Issued and fully paid		
Ordinary shares of 50p each:		
Balance at 31 March 2013	88,653,417	44.3
Issued under the Mothercare Sharesave Scheme	160,181	0.1
Balance at 29 March 2014	88,813,598	44.4

Further details of employee and executive share schemes are provided in note 29 to the consolidated financial statements.

7. Reserves

	Share premium £ million	Other reserve £ million	Own shares £ million	Hedging reserve £ million	Profit and loss account £ million
Balance at 31 March 2013	6.2	6.2	(0.6)	(0.3)	61.8
Transfer of reserves	–	(6.2)	–	–	6.2
Net premium on shares issued	0.1	–	–	–	–
Cash flow hedges: gains arising in the period	–	–	–	0.3	–
Fair value of share-based payments	–	–	–	–	0.1
Shares transferred to employees on vesting	–	–	0.2	–	(0.2)
Loss for the financial year	–	–	–	–	(20.7)
Balance at 29 March 2014	6.3	–	(0.4)	–	47.2

The own shares reserve of £0.4 million (2013: £0.6 million) represents the cost of shares in Mothercare plc purchased in the market and held by the Mothercare Employee Trusts to satisfy options under the group's share option schemes (see note 29 to the consolidated financial statements). The total shareholding is 70,269 (2013: 108,497) with a market value at 29 March 2014 of £0.1 million (2013: £0.3 million).

Included in the loss for the 52 weeks ended 29 March 2014 was an impairment charge against investments in subsidiary undertakings of £10.2 million and a provision against amounts due from subsidiary undertakings of £5.7 million.

8. Reconciliation of equity shareholders' funds

	52 weeks ended 29 March 2014 £ million	52 weeks ended 30 March 2013 £ million
Equity shareholders' funds brought forward	117.6	171.5
Cash flow hedges: gain/(loss) arising in the period	0.3	(0.3)
Shares issued	0.2	–
Fair value of share-based payments	0.1	0.8
Retained loss for the period	(20.7)	(54.4)
Equity shareholders' funds carried forward	97.5	117.6

Five-year record (unaudited)

	2014 £ million	2013 Restated ⁴ £ million	2012 £ million	2011 £ million	2010 £ million
Summary of consolidated income statements					
Revenue	724.9	749.4	812.7	793.6	766.4
Underlying ¹ profit from operations before interest	15.9	11.8	2.0	28.9	37.6
Non-underlying ² items	(35.0)	(29.4)	(104.4)	(19.5)	(4.4)
Interest (net)	(7.2)	(6.3)	(0.5)	(0.6)	(0.7)
(Loss)/profit before taxation	(26.3)	(23.9)	(102.9)	8.8	32.5
Taxation	(1.2)	0.1	11.1	(2.3)	(8.9)
(Loss)/profit for the financial year	(27.5)	(23.8)	(91.8)	6.5	23.6
Basic (loss)/earnings per share	(31.0p)	(26.9p)	(105.2p)	7.6p	28.0p
Basic underlying earnings per share	7.7p	4.2p	1.8p	24.7p	31.5p
Summary of consolidated balance sheets					
Deferred tax asset	18.5	21.7	17.6	6.9	7.9
Other non-current assets	111.5	124.1	145.2	208.6	200.5
Net current assets	12.2	45.6	24.0	54.4	70.6
Retirement benefit obligations	(49.7)	(61.6)	(52.7)	(37.6)	(55.1)
Other non-current liabilities	(77.3)	(91.0)	(61.4)	(39.5)	(35.5)
Total net assets	15.2	38.8	72.7	192.8	188.4
Other key statistics					
Share price at year end	189.0p	315.0p	166.0p	474.0p	601.0p
Net (debt)/cash to equity	(238.5%)	(83.5%)	(27.6%)	7.9%	20.4%
Capital expenditure	10.9	16.2	24.9	21.8	24.2
Depreciation and amortisation	20.3	21.4	22.8	23.0	20.5
Rents	48.7	54.2	65.4	68.2	69.1
Number of UK stores	220	255	311	373	387
Number of International stores ³	1,221	1,069	1,028	894	728
UK selling space (000's sq.ft.)	1,737	1,805	1,946	2,017	2,008
International selling space (000's sq.ft.) ³	2,656	2,347	2,283	1,845	1,538
Average number of employees	5,613	6,226	6,943	7,440	7,452
Average number of full time equivalents	3,486	3,959	4,350	4,650	4,486

1 Before items described in note 2 below.

2 Includes exceptional items (property costs, restructuring costs, impairment charges) and other non-underlying items of amortisation of intangible assets (excluding software) and the impact of non-cash foreign currency adjustments under IAS 39 and IAS 21 as set out in note 6 to the consolidated financial statements.

3 International stores are owned by franchise partners, joint ventures and associates.

4 Restated for Amendments to IAS 19.

Shareholder information

Shareholder analysis

A summary of holdings as at 29 March 2014 is as follows:

	Mothercare ordinary shares	
	Number of shares million	Number of shareholders
Banks, insurance companies and pension funds	66,022	6
Nominee companies	75,571,771	625
Other corporate holders	9,625,212	56
Individuals	3,550,593	22,273
	88,813,598	22,960

As can be seen from the above analysis, many shares are registered in the name of a nominee company as the legal owner. The underlying holder of shares through a nominee account is the beneficial owner of these shares, being entitled to the capital value and the income arising from them. An analysis of these nominee holdings shows that the largest underlying holders are pension funds, with unit trusts and insurance companies the other major types of shareholder.

Share price data

	2014	2013
Share price at 28 March 2014 (29 March 2013)	189.00p	315.00p
Market capitalisation	£167.9m	£279.3m
Share price movement during the year:		
High	493.00p	362.00p
Low	187.00p	152.00p

All share prices are quoted at the mid-market closing price. For capital gains tax purposes:

- ▶ the market value on 31 March 1982 of one ordinary share in British Home Stores PLC is 155p and of one ordinary share in Habitat Mothercare PLC is 133p; and
- ▶ the market value of each Mothercare plc 50p ordinary share immediately following the reduction of capital and consolidation for the purpose of allocating base cost between such shares and the shares disposed of as a result of the reduction is 135p.

Registrars and transfer office

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Financial calendar

	2014
Annual General Meeting	17 July
Announcement of interim results	20 November
	2015
Preliminary announcement of results for the 52 weeks ending 28 March 2015	end May
Issue of report and accounts	mid June
Annual General Meeting	mid July

Registered office and head office

Cherry Tree Road, Watford, Hertfordshire WD24 6SH
Telephone 01923 241000
www.mothercareplc.com
Registered number 1950509

Group general counsel and company secretary

Tim Ashby

Registrars

Administrative enquiries concerning shareholders in Mothercare plc for such matters as the loss of a share certificate, dividend payments or a change of address should be directed, in the first instance, to the registrars:

Equiniti Limited
Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone 0871 384 2013.
Overseas +44(0)121 415 7042
www.equiniti.com

Postal share dealing service

A postal share dealing service is available through the Company's registrars for the purchase and sale of Mothercare plc shares.

Further details can be obtained from Equiniti on 0871 384 2248 (calls to this number are charged at 8p per minute plus network extras). Lines are open 8.30 am to 5.30 pm, Monday to Friday.

Stockbrokers

The Company's stockbrokers are:

JP Morgan Cazenove & Co
25 Bank Street
Canary Wharf
London E14 5JP
Telephone 020 7742 4000

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT
Telephone 020 7260 1000

ShareGift

Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating them to charity through ShareGift, a registered charity administered by The Orr Mackintosh Foundation. The share transfer form needed to make a donation may be obtained from the Mothercare plc registrars, Equiniti Limited.

Further information about ShareGift is available from www.sharegift.org or by telephone on 020 7930 3737.

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