



## **Schuh Limited**

Directors' Report & Financial Statements  
For the year ended 28 March 2010

*Company Registration No. SC125327*





3	<b>Officers and Advisers</b>
4	<b>Chairman's Statement</b>
5	<b>Business Review</b>
6	<b>Directors' Report</b>
7	<b>Statement of Directors' Responsibilities</b>
8	<b>Auditor's Report</b>
9	<b>Consolidated Profit and Loss Account</b>
9	<b>Consolidated Statement of Total Recognised Gains and Losses</b>
10	<b>Consolidated Balance Sheet</b>
11	<b>Balance Sheet</b>
12	<b>Consolidated Cash Flow Statement</b>
13 - 20	<b>Notes</b>
21	<b>Five Year Summary of Financial Results</b>



## **Board of Directors**

Colin Temple (Managing)

Mark Crutchley

Lyn Ferguson

Tom Lynch

Kenneth Ball

David Spencer

## **Secretary And Registered Office**

Mark Crutchley

1 Neilson Square

Deans Industrial Estate

Livingston

West Lothian

EH54 8RQ

## **Auditor**

KPMG LLP, Edinburgh

## **Financial Advisor**

Noble Grossart, Edinburgh

## **Solicitors**

Morton Fraser, Edinburgh

Pannone, Manchester

## **Bankers**

Lloyds Banking Group

New Uberior House

11 Earl Grey Street

Edinburgh

EH3 9BN

## Results and Market Conditions

I am delighted to report that the company has performed exceptionally well in its 2009/10 financial year. Turnover increased by some 8.7% to £146.5m (2009: £134.7m) and earnings before interest, tax, depreciation and amortisation (EBITDA) improved by 21.2% to £17.3m (2009: £14.3m). Notwithstanding a greater level of financial commitment to inventory that in itself made a positive contribution to profitability, our net cash position again improved significantly enabling us to continue the policy of containing overall borrowings within commercially prudent levels.

As shown by the Consolidated Profit and Loss Account, turnover and EBITDA were again boosted by the effect of exceptional items valued this year at £1.1m (2009: £1.9m). Excluding these exceptional items, the underlying turnover and EBITDA increases were actually greater at 9.6% and 30.4% respectively. Given that these record results have been achieved against the backdrop of a rather gloomy economic outlook, I believe we can and should derive considerable satisfaction from what continues to be a strong and sustainable performance.

The U.K. retail sector seems to have suffered less than was predicted by most economic and political commentators. Whilst unemployment rose markedly, low inflation and interest rates appear to have had a positive effect on consumer spending especially in the run up to the important Christmas trading period. In Ireland however trading continues to be extremely challenging. Whilst the rate of decline in consumer spending has reduced from the exceptional levels of a year ago, in absolute terms the market has continued to contract thereby creating a fiercely competitive retail environment. Our e-commerce activities, where the rate of year-on-year growth has again outstripped the market, continued to be an important area of development for the business.

Across all our activities, we have reason to believe that our trading experience has been better than the market in general and we have again improved our market share. We have benefitted from higher levels of investment in inventory, improved gross margins and a resurgence in the demand for ladies' boots no doubt assisted by the severest winter of recent years.

## Operations

During the year we opened three new stores in Swansea, Sunderland and Blanchardstown (Dublin). We re-located to new, larger premises within the Eldon Square shopping centre in Newcastle and continued our programme of upgrading and refurbishing our existing estate. Two further "Republic" concessions were opened in Glasgow Fort and Chester.

We have also continued to invest heavily in our e-commerce operation. The re-launch of our web site, [www.schuh.co.uk](http://www.schuh.co.uk), has been the most significant development of the year and is achieving its objectives of enhanced visibility and greater ease of use.

We are always striving to provide improved levels of service to our customers through our stores and internet sites. In order to maintain and enhance these standards, particularly through periods of

growth, significant investment is required. During the year we have introduced new systems improving our ability to match staffing levels with demand and capital equipment and software have been installed at the Livingston distribution centre that have delivered significant gains in turnaround times and productivity.

The company recognises its continuing responsibility with regards to the environment. During the year, we have reduced the volume of our own brand packaging by some 20%, we have changed the nature of this packaging so that it is recyclable in its entirety and overall we have reduced the company's measurable carbon footprint by 5%.

## Staff

Every member of staff is already well aware of these excellent results and the important personal contribution they have all made to an outstanding year in the history of the business. I believe that one of the most gratifying aspects of being associated with Schuh is that irrespective of whether results are good, bad or indifferent, one can always be confident that everyone has tried their very best. In congratulating my colleagues for a job well done, I would, on behalf of the company, also like to take this opportunity to express our collective appreciation to our suppliers and other business partners who play such an important part in the success and sustainability of the business.

## Outlook

Early trading results in the new financial year are encouraging in so far as they are ahead of the prior year and in line with our budgets and plans. But whilst we feel reasonably positive about the year ahead, we are keenly aware that unemployment may continue to rise and that fiscal measures to protect the U.K. economy as a whole are likely to be introduced in the near future. We expect these factors to put pressure on disposable incomes thereby delivering an uncertain economic backdrop to future trading in the retail sector.

Our response will be to follow the tried and tested company philosophy of providing the most authoritative range of branded fashion footwear, delivering ever-improving levels of service and preserving precious resources through rigorous investment appraisal and control of costs. We believe we are well placed to meet the challenges that lie ahead.



**Terry Racioner**  
Chairman

14 June 2010

## Key Performance Indicators

The Board considers that the key performance indicators for the business are:

- sales growth: the business grew sales by 8.7% during the year;
- EBITDA margin: the business achieved a 11.8% margin (2009: 10.6%). The reasons for the increase in margin are noted in the Chairman's Statement;
- cash generation from operating activities: the business generated £12.3m cash (2009: £13.2m) to service debt;
- asset investment: the business invested £5.0m (2009: £3.7m) in the expansion of its store network and central operations.

## Principal Risk & Uncertainties

The Board considers the following to be the main risks which could materially affect the business:

- profitability risk: total revenues can be affected by economic factors influencing the overall amount of consumer spend on clothing and footwear and also by fashion trends that can, to some extent, dictate average unit selling prices. The company continually seeks to maintain and improve its revenues through differentiation in its delivery of high standards of customer service. Costs are carefully controlled through commercially sound authorisation procedures and regular and sophisticated management reporting;
- product risk: the company maintains a wide network of suppliers and invests in building long-term relationships with them. Through the buying, stock management and accounts payable teams, regular contact is maintained with every active supplier to ensure continuity of supply. The company also invests heavily in personnel with specialist expertise in footwear construction who maintain the company's high quality standards through a programme of regular visits to manufacturers and extensive product testing. Systems continually monitor and report quantities on order and in stock at item level to ensure the optimum flow of product into the business;
- fraud risk: there are internal control procedures to ensure that detailed checking is carried out in all areas of the business. The company's management reporting systems are designed, in part, to highlight irregularities at all stages of the cycle of cash and stock whilst moving through the business, during the process of disbursement of company funds and as regards the safety and security of company assets;
- operational gearing risk: in line with most retailers, the business has a largely inflexible cost base. In particular, since all our stores are leased, we are subject to increases in rental costs which have, in many cases, outstripped general inflation;
- treasury risk: the main treasury risks arise from exchange rate and interest rate fluctuations. The Board manages these risks by matching currency inflows and outflows and through the use of financial instruments such as forward foreign exchange contracts. No transactions of a speculative nature are undertaken;
- IT risk: the group is dependent on reliable IT systems for managing and controlling the business. The group's IT function oversees all systems and has policies and procedures to protect software, hardware and data and to prevent unauthorised access to systems;
- credit risk: the company sells predominantly to high-street shoppers and accepts payment by cash and credit or debit cards. Whilst there is some level of inherent risk in accepting any method of payment, the company seeks to minimise this through direct bank authorisation and rigorous staff training.



The directors present their annual report and the audited financial statements for the financial year ended 28 March 2010.

### Principal activity

The principal activity of the group is the sale of footwear through its chain of retail stores, from concession operations, and via on-line activities.

### Business review

The principal companies within the Schuh Limited Group were Schuh Limited and Schuh (ROI) Limited. The Companies Act 2006 requires that the Directors' Report contains a fair review of the business and a description of the principal risks and uncertainties facing the group. A review of the business strategy and a commentary of the Schuh business is set out in the Chairman's Statement and Business Review.

### Dividends

Dividends paid during the year comprise an interim dividend of £1,362,195 (2009: £1,895,271).

### Directors and directors' interests

All of the directors listed on page 3 served throughout the year.

### Directors' indemnification

All directors benefitted from qualifying third party indemnity provisions in place during the year and at 14 June 2010.

### Employees

Applications for employment are considered based on the aptitude of prospective applicants, whether disabled or not. The group's policy is to, as far as possible, provide continued training and support to any member of staff who should become disabled but is still able to perform their job. Training and promotion opportunities for individuals will be unaffected by disability, provided they demonstrate

the appropriate aptitude and ability. The group consults with its employees on an annual basis at all locations and provides information to all employees on the financial and economic factors affecting the group's performance.

### EU regulations

In line with the UK implementation of the European Directive regarding packaging waste regulations, Schuh Limited is fully compliant through its membership of a Department of Environment approved collective compliance scheme.

### Disclosure of information to auditors

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

### Charitable donations

During the year the company made donations of £11,786 (2009: £3,151).

### Auditor

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

By order of the board



**Mark Crutchley**  
Director

14 June 2010  
1 Neilson Square, Deans Industrial Estate, Livingston.

# statement of directors' responsibilities

in respect of the directors' report and the financial statements

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

We have audited the financial statements of Schuh Limited for the year ended 28 March 2010 set out on pages 9 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

## Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 March 2010 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

## Matters on which we are required to report by exception

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

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

*L Bennett*

## L Bennett (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Edinburgh

14 June 2010



# consolidated profit and loss account

for the year ended 28 March 2010

# 09

	Note	2010 £000	2009 £000
<b>Turnover</b> - including exceptional income of £1,128,000 (2009: £2,159,000)	2 & 3	<b>146,471</b>	134,728
Cost of sales		<b>(121,168)</b>	(112,898)
<b>Gross profit</b>		<b>25,303</b>	21,830
Administrative expenses - including exceptional cost of £nil (2009: £260,000)		<b>(8,632)</b>	(8,129)
Other operating income		<b>605</b>	554
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>17,276</b>	14,255
Depreciation		<b>(3,617)</b>	(3,419)
Amortisation		<b>(59)</b>	(59)
<b>Operating profit</b>		<b>13,600</b>	10,777
Interest receivable	6	<b>127</b>	92
Interest payable and similar charges	7	<b>(18)</b>	(89)
<b>Profit on ordinary activities before taxation</b>	3	<b>13,709</b>	10,870
Tax on profit on ordinary activities	8	<b>(4,213)</b>	(3,114)
<b>Retained profit for the financial year</b>	18	<b>9,496</b>	7,666

All operations are continuing.

# consolidated statement of total recognised gains and losses

for the year ended 28 March 2010

	2010 £000	2009 £000
<b>Profit for the financial year</b>	<b>9,496</b>	7,666
Currency translation difference on overseas net investments	<b>(976)</b>	641
<b>Total recognised gains and losses relating to the financial year</b>	<b>8,520</b>	8,307

## consolidated balance sheet

at 28 March 2010

	Note	<u>2010</u>	<u>2009</u>
		<u>£000</u>	<u>£000</u>
<b>Fixed assets</b>			
Intangible assets: goodwill	9	792	851
Tangible assets	10	<u>14,393</u>	<u>13,113</u>
		<b>15,185</b>	13,964
<b>Current assets</b>			
Stocks	12	16,329	13,665
Debtors	13	27,442	22,510
Cash at bank and in hand		<u>6,279</u>	<u>4,887</u>
		<b>50,050</b>	41,062
<b>Creditors:</b> amounts falling due within one year	14	<u>(16,978)</u>	<u>(14,598)</u>
<b>Net current assets</b>		<u>33,072</u>	<u>26,464</u>
<b>Total assets less current liabilities</b>		<b>48,257</b>	40,428
<b>Creditors:</b> amounts falling due after more than one year	15	<u>(1,745)</u>	<u>(1,073)</u>
<b>Net assets</b>		<u>46,512</u>	<u>39,355</u>
<b>Capital and reserves</b>			
Called up share capital	17	206	206
Share premium account	18	124	124
Revaluation reserve	18	238	264
Capital redemption reserve	18	412	412
Profit and loss account	18	<u>45,532</u>	<u>38,349</u>
<b>Shareholders' funds</b>	19	<u>46,512</u>	<u>39,355</u>

These financial statements were approved by the board of directors on 14 June 2010 and were signed on its behalf by:



**Mark Crutchley**  
Director

# balance sheet

at 28 March 2010

# 11

	Note	<u>2010</u>	<u>2009</u>
		£000	£000
<b>Fixed assets</b>			
Tangible assets	10	<b>12,402</b>	11,243
Investments	11	<b>3,903</b>	4,013
		<b>16,305</b>	15,256
<b>Current assets</b>			
Stocks	12	<b>15,056</b>	12,614
Debtors	13	<b>27,488</b>	22,006
Cash at bank and in hand		<b>5,537</b>	4,441
		<b>48,081</b>	39,061
<b>Creditors:</b> amounts falling due within one year	14	<b>(15,231)</b>	(20,381)
<b>Net current assets</b>		<b>32,850</b>	18,680
<b>Total assets less current liabilities</b>		<b>49,155</b>	33,936
<b>Creditors:</b> amounts falling due after more than one year	15	<b>(1,471)</b>	(1,073)
<b>Net assets</b>		<b>47,684</b>	32,683
<b>Capital and reserves</b>			
Called up share capital	17	<b>206</b>	206
Share premium account	18	<b>124</b>	124
Revaluation reserve	18	<b>238</b>	264
Capital redemption reserve	18	<b>412</b>	412
Profit and loss account	18	<b>46,704</b>	31,857
<b>Shareholders' funds</b>	19	<b>47,684</b>	32,863

These financial statements were approved by the board of directors on 14 June 2010 and were signed on its behalf by:



**Mark Crutchley**  
Director

## consolidated cash flow statement

for the year ended 28 March 2010

	Note	<u>2010</u>	<u>2009</u>
		£000	£000
<b><i>Reconciliation of operating profit to net cash inflow from operating activities</i></b>			
Operating profit		13,600	10,777
Depreciation charge		3,617	3,419
Loss on disposal of fixed assets		25	129
Goodwill amortisation		59	59
(Increase)/decrease in stocks		(2,664)	546
Increase in debtors		(4,907)	(3,565)
Increase in creditors		2,596	1,907
		<u>12,326</u>	<u>13,272</u>
<b>Cash flow statement</b>			
<b>Cash flow from operating activities</b>		<b>12,326</b>	13,272
<b>Returns on investments and servicing of finance</b>	21	<b>109</b>	3
<b>Taxation</b>		<b>(3,783)</b>	(2,492)
<b>Capital expenditure and financial investment</b>	21	<b>(4,974)</b>	(3,718)
<b>Dividends paid</b>		<b>(1,363)</b>	(1,895)
		<u>2,315</u>	<u>5,170</u>
<b><i>Reconciliation of net cash flow to movement in net funds</i></b>			
<b>Increase in cash in the year</b>		<b>2,315</b>	5,170
Translation differences		(923)	394
<b>Net funds/(debt) at beginning of year</b>	22	<b>4,887</b>	(677)
		<u>6,279</u>	<u>4,887</u>
<b>Net funds at end of year</b>	22	<b>6,279</b>	4,887

## 1. Basis of preparation

The financial statements have been prepared under the historical cost accounting rules modified to include the revaluation of land and buildings and in accordance with acceptable accounting standards.

The financial statements are prepared on a going concern basis. The directors believe this to be appropriate since the group meets its day to day working capital and longer term funding requirements through an overdraft facility available under a revolving credit facility which is repayable on demand. The group's loan facilities are subject to compliance with certain financial covenants relating to interest cover, gearing and debt service cover. The group has been compliant with the relevant covenants and conditions set out in the loan facility agreement, both during the financial period and after the period end.

The directors have prepared projected cash flow information for the period ending twelve months from the date of their approval of these financial statements. These cash flows demonstrate that the group will continue to meet its liabilities as they fall due and operate within the bank's facilities currently agreed.

### Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 28 March 2010. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired are included in the consolidated profit and loss account from the date of acquisition.

Under S408 of The Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

### Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life.

### Tangible assets

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible assets by equal instalments over their estimated useful economic lives as follows:

Land and buildings	- 10 to 25 years
Short leasehold land & buildings	- shorter of remaining period of lease or 10 years
Fixtures, fittings, and equipment	- 5 years or remaining period of lease

### Investments

Investments are held at cost less any provisions for impairment. Where foreign currency borrowings have been used to hedge against foreign equity investments, those investments are denominated in the appropriate foreign currencies and are retranslated at the end of each accounting period. Foreign exchange movements that arise on retranslation are recognised in reserves.

### Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. Capital contributions towards shopfit costs or rent-free periods are capitalised and released to the profit and loss account on a straight line basis over the period of the lease to the first rent review.

### Pension costs

The group makes contributions to a number of personal defined contribution pension plans for the benefit of certain directors and eligible employees. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the amounts payable to these schemes in respect of the year.

### Stocks

Stocks are stated at the lower of cost and net realisable value.

### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision for deferred tax is made on all timing differences as they arise except as otherwise required by FRS 19.

### Foreign currencies

Where the company has used foreign exchange currency borrowings to hedge against its foreign equity investments, the equity investments have been denominated in the appropriate foreign currencies and the carrying amounts translated at the end of each accounting period for inclusion in the company's financial statements. Foreign exchange movements arising on the translation of the investments have been recognised in reserves. Exchange gains and losses on the related foreign currency borrowings have been offset against the exchange movements in reserves up to a maximum of the foreign exchange movements on the investments. Transactions in foreign currencies are recorded using the exchange rate ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. A rate of 1.11035 has been used for consolidation purposes.

### Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale of goods to customers during the year.

**2. Turnover by origin**

	<b>2010</b>	2009
	<b>£000</b>	£000
UK	<b>129,015</b>	114,684
Ireland	<b>17,456</b>	20,044
	<b>146,471</b>	134,728

**3. Profit on ordinary activities before taxation**

	<b>2010</b>	2009
	<b>£000</b>	£000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation (note 10)	<b>3,617</b>	3,419
Auditor's remuneration:		
- audit of these financial statements	<b>30</b>	29
- group tax compliance	<b>26</b>	14
- audit of financial statements of subsidiaries	<b>5</b>	5
- professional fees in relation to VAT recovery	<b>117</b>	37
Operating lease expense: - rental of properties	<b>13,700</b>	12,915
Over-declared output VAT in relation to prior periods	<b>(1,128)</b>	(2,159)
Provision for property costs on reversion of old lease	<b>—</b>	260

**4. Remuneration of directors**

	<b>2010</b>	2009
	<b>£000</b>	£000
<i>Directors' emoluments:</i>		
Remuneration as executives	<b>999</b>	857
Pension contributions	<b>124</b>	103
	<b>1,123</b>	960

The emoluments, excluding pension contributions, of the highest paid director were £181,521 (2009: £188,856). Pension contributions of £25,214 (2009: £24,480) were made to a defined contribution pension plan on their behalf.

Retirement benefits accrue to 6 directors (2009: 5) under defined contribution pension plans.

**5. Staff numbers and costs**

The average number of persons employed by the group and company (including directors) during the year, analysed by category, was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
Administration	<b>133</b>	121	<b>133</b>	121
Sales and distribution	<b>1,181</b>	1,161	<b>1,046</b>	1,026
	<b>1,314</b>	1,282	<b>1,179</b>	1,147

The aggregate payroll costs of these persons were as follows:

	<b>2010</b>	2009	<b>2010</b>	2009
	<b>£000</b>	£000	<b>£000</b>	£000
Wages and salaries	<b>21,453</b>	20,127	<b>18,825</b>	17,478
Social security costs	<b>1,562</b>	1,447	<b>1,313</b>	1,209
Pension costs	<b>404</b>	345	<b>385</b>	327
	<b>23,419</b>	21,919	<b>20,353</b>	19,014

<b>6. Interest receivable</b>	<b>2010</b>	2009
	<b>£000</b>	£000
Bank interest	<b>127</b>	92
<b>7. Interest payable and similar charges</b>	<b>2010</b>	2009
	<b>£000</b>	£000
On bank overdraft	<b>18</b>	89
<b>8. Tax on profit on ordinary activities</b>	<b>2010</b>	2009
	<b>£000</b>	£000
<i>The tax charge comprises:</i>		
UK corporation tax	<b>3,220</b>	2,396
Group relief payable	<b>1,037</b>	737
Foreign tax	<b>54</b>	178
Adjustments in respect of prior period	<b>(82)</b>	23
	<b>4,229</b>	3,334
<i>Deferred tax:</i>		
Origination/(reversal) of timing differences	<b>52</b>	(164)
Adjustments in respect of prior period	<b>(68)</b>	(56)
	<b>4,213</b>	3,114
<i>Factors affecting the tax charge for the current period:</i>		
The current tax charge for the period is higher (2009: higher) than the standard rate of corporation tax in the UK (28%). The differences are explained below.		
	<b>2010</b>	2009
	<b>£000</b>	£000
Profit on ordinary activities before tax	<b>13,709</b>	10,780
Current tax at 28% (2009: 28%)	<b>3,838</b>	3,018
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>405</b>	72
Capital allowance for period less than depreciation	<b>245</b>	464
Other short term timing differences	<b>39</b>	(23)
Lower tax rates on overseas earnings	<b>(71)</b>	(220)
Deferred income adjustment	<b>(145)</b>	–
Adjustments in respect of prior period	<b>(82)</b>	23
Tax charge as above	<b>4,229</b>	3,334

Included in the tax charge of £4,229,000 is £316,000 (2009: £604,000) of a tax charge as a result of the over-declared output VAT in relation to prior periods (note 3).

## 9. Intangible assets

<u>Group</u>	<u>Goodwill</u>
<b>Cost or valuation</b>	<b>£000</b>
At beginning and end of year	1,177
<b>Amortisation</b>	
At beginning of year	326
Charge for year	59
At end of year	385
<b>Net book value</b>	
<b>At end of year</b>	<b>792</b>
At beginning of year	851

Goodwill is amortised over 20 years being the estimated useful life.

## 10. Tangible assets

<u>Group</u>	<u>Land and buildings</u> £000	<u>Short leasehold land and buildings</u> £000	<u>Fixtures, fittings and equipment</u> £000	<u>Total</u> £000
<b>Cost or valuation</b>				
At beginning of year	4,792	3,391	29,515	37,698
Exchange difference on opening balance	–	(6)	(145)	(151)
Additions	21	393	4,560	4,974
Disposals	–	(18)	(1,818)	(1,836)
At end of year	4,813	3,760	32,112	40,685
<b>Depreciation</b>				
At beginning of year	2,405	1,957	20,223	24,585
Exchange difference on opening balance	–	(2)	(97)	(99)
Charge for year	356	265	2,996	3,617
Disposals	–	(10)	(1,801)	(1,811)
At end of year	2,761	2,210	21,321	26,292
<b>Net book value</b>				
<b>At 28 March 2010</b>	<b>2,052</b>	<b>1,550</b>	<b>10,791</b>	<b>14,393</b>
At 29 March 2009	2,387	1,434	9,292	13,113

**10. Tangible assets** (continued)

<u>Company</u>	<u>Land and buildings</u> £000	<u>Short leasehold land and buildings</u> £000	<u>Fixtures, fittings and equipment</u> £000	<u>Total</u> £000
<b>Cost or valuation</b>				
At beginning of year	4,776	3,099	25,301	33,176
Additions	21	329	3,983	4,333
Disposals	–	(18)	(1,818)	(1,836)
At end of year	<u>4,797</u>	<u>3,410</u>	<u>27,466</u>	<u>35,673</u>
<b>Depreciation</b>				
At beginning of year	2,401	1,900	17,632	21,933
Charge for year	356	239	2,554	3,149
Disposals	–	(10)	(1,801)	(1,811)
At end of year	<u>2,757</u>	<u>2,129</u>	<u>18,385</u>	<u>23,271</u>
<b>Net book value</b>				
<b>At 28 March 2010</b>	<b><u>2,040</u></b>	<b><u>1,281</u></b>	<b><u>9,081</u></b>	<b><u>12,402</u></b>
At 29 March 2009	<u>2,375</u>	<u>1,199</u>	<u>7,669</u>	<u>11,243</u>

The land and buildings were valued at 30 March 1997 by Ryden, Property Consultants and Chartered Surveyors, on the basis of open market value. The valuation was carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation manual. These values have been retained under the transitional provisions of FRS 15, and the directors do not intend to adopt a policy of annual revaluations in the future. Under historic cost accounting the net book value of land and buildings shown above is £1,789,000 (2009: £2,124,000) with related accumulated depreciation of £2,538,000 (2009: £2,181,000).

**11. Investments**

Shares in subsidiary undertaking:	<u>At beginning of year</u>	<u>Foreign exchange movements</u>	<u>At end of year</u>
	£000	£000	£000
Cost and net book value	<u>4,013</u>	<u>(110)</u>	<u>3,903</u>

The company owns 100% of the share capital of Schuh (ROI) Limited, a company incorporated in the Republic of Ireland. Schuh (ROI) Limited's principal activity is the sale of footwear through its chain of retail stores.

**12. Stocks**

	<u>Group</u>		<u>Company</u>	
	<u>2010</u>	2009	<u>2010</u>	2009
	£000	£000	£000	£000
Goods for resale	<b><u>16,329</u></b>	<u>13,665</u>	<b><u>15,056</u></b>	<u>12,614</u>

## 13. Debtors

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
<b>Due within one year:</b>				
Trade debtors	2,489	2,429	2,157	2,146
Other debtors	161	259	160	258
Due from Schuh (Holdings) Limited	20,307	16,034	20,307	16,034
Deferred tax (see note 16)	370	354	370	354
Due from Schuh (ROI) Limited	–	–	528	–
Recoverable VAT	406	–	406	–
Prepayments and accrued income	3,684	3,434	3,560	3,214
Corporation tax recoverable	25	–	–	–
	<b>27,442</b>	<b>22,510</b>	<b>27,488</b>	<b>22,006</b>

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

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Trade creditors	8,771	6,390	8,685	6,216
Corporation tax	1,913	1,458	1,913	1,488
Other taxes and social security	1,671	2,759	643	1,188
Other creditors	1,057	742	1,039	722
Accruals and deferred income	3,566	3,249	2,951	2,691
Due to Schuh (ROI) Limited	–	–	–	8,076
	<b>16,978</b>	<b>14,598</b>	<b>15,231</b>	<b>20,381</b>

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

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Accruals and deferred income	1,745	1,073	1,471	1,073

## 16. Deferred tax

<u>Group and Company</u>	Accelerated capital allowances	Other timing differences	Total
	£000	£000	£000
Deferred tax			
At 29 March 2009	(321)	(33)	(354)
Transfer to profit and loss account	(6)	(10)	(16)
<b>At 28 March 2010</b> (see note 13)	<b>(327)</b>	<b>(43)</b>	<b>(370)</b>

## 17. Called up share capital

	Group	
	2010 £000	2009 £000
<b>Authorised</b>		
Ordinary shares of £1 each	133	133
"B" ordinary shares of £1.46 each	73	73
	<b>206</b>	<b>206</b>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	133	133
"B" ordinary shares of £1.46 each	73	73
	<b>206</b>	<b>206</b>

## 18. Reserves

<u>Group</u>	<u>Share premium account</u> £000	<u>Revaluation reserve</u> £000	<u>Capital redemption reserve</u> £000	<u>Profit and loss account</u> £000
At beginning of year	124	264	412	38,349
Profit for the financial year	—	—	—	9,496
Transfer between reserves	—	(26)	—	26
Dividends	—	—	—	(1,363)
Exchange differences	—	—	—	(976)
<b>At end of year</b>	<b>124</b>	<b>238</b>	<b>412</b>	<b>45,532</b>
<b>Company</b>				
At beginning of year	124	264	412	31,857
Profit for the financial year	—	—	—	16,184
Transfer between reserves	—	(26)	—	26
Dividends	—	—	—	(1,363)
<b>At end of year</b>	<b>124</b>	<b>238</b>	<b>412</b>	<b>46,704</b>

## 19. Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Profit for the financial year	9,496	7,666	16,184	6,312
Dividends paid	(1,363)	(1,895)	(1,363)	(1,871)
Other recognised gains and losses	(976)	641	—	—
<b>Net addition to shareholders' funds</b>	<b>7,157</b>	<b>6,412</b>	<b>14,821</b>	<b>4,441</b>
Opening shareholders' funds	39,355	32,943	32,863	28,422
<b>Closing shareholders' funds</b>	<b>46,512</b>	<b>39,355</b>	<b>47,684</b>	<b>32,863</b>

**20. Commitments**

(i) Annual commitments on leasehold property under non-cancellable operating leases are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>£000</b>	£000	<b>£000</b>	£000
<i>Operating leases which expire:</i>				
Within one year	<b>340</b>	56	<b>340</b>	56
In the second to fifth year inclusive	<b>336</b>	1,024	<b>336</b>	1,024
Over five years	<b>13,471</b>	12,254	<b>11,061</b>	10,305
	<b>14,147</b>	13,334	<b>11,737</b>	11,385

(ii) Company commitments on foreign currency forward buy contracts at 28 March 2010 were £1,729,000 (2009: £484,000) ; forward sell contracts at the same date were £nil (2009: £6,025,000).

(iii) Commitments on capital expenditure are as follows:

	<b>Group and Company</b>	
	<b>2010</b>	2009
	<b>£000</b>	£000
Contracted	<b>706</b>	—

**21. Notes to the cash flow statement**

	<b>Group</b>	
	<b>2010</b>	2009
	<b>£000</b>	£000
<b>Returns on investments and servicing of finance</b>		
Interest received	<b>127</b>	92
Interest paid	<b>(18)</b>	(89)
	<b>109</b>	3
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	<b>(4,974)</b>	(3,718)
	<b>(4,974)</b>	(3,718)

**22. Analysis of changes in net funds**

	<b>At beginning of year</b>	<b>Cash flows</b>	<b>Translation differences</b>	<b>At end of year</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	4,887	2,315	(923)	6,279
<b>Total</b>	<b>4,887</b>	<b>2,315</b>	<b>(923)</b>	<b>6,279</b>

**23. Contingent liabilities**

The company has entered cross guarantees with the ultimate parent company in respect of debt servicing. Schuh Limited cross-guarantees £25,887,000 of debt.

The ultimate parent company debt is secured by a floating charge over the assets and property of Schuh Limited.

**24. Ultimate parent company**

The company is a subsidiary of Schuh (Holdings) Limited incorporated in Scotland.

The accounts of Schuh (Holdings) Limited, in which the results of the company are consolidated, may be obtained from 1 Neilson Square, Deans Industrial Estate, Livingston, Scotland, United Kingdom, or on [www.schuh.co.uk](http://www.schuh.co.uk).

# five year summary of financial results

# 21

This does not form part of the audited financial statements.

	52 weeks ended 28 March 2010	52 weeks ended 29 March 2009	53 weeks ended 30 March 2008	52 weeks ended 25 March 2007	52 weeks ended 26 March 2006
	£000	£000	£000	£000	£000
<b>Turnover</b>	<b>146,471</b>	134,728	118,519	106,832	101,358
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>17,276</b>	14,255	11,749	9,970	11,107
<b>Profit on ordinary activities</b>					
Before tax	<b>13,709</b>	10,780	8,313	6,607	7,735
After tax	<b>9,496</b>	7,666	5,579	4,900	5,924
<b>Ordinary shareholders' funds</b>					
Intangible assets	<b>792</b>	851	910	969	1,028
Tangible assets	<b>14,393</b>	13,113	12,696	13,256	14,585
Current assets	<b>50,050</b>	41,062	33,194	28,492	26,737
Liabilities	<b>(18,723)</b>	(15,671)	(13,857)	(11,173)	(11,711)
	<b>46,512</b>	39,355	32,943	31,544	30,639



**schuh**



**Schuh Limited**

1 Neilson Square, Deans Industrial Estate, Livingston, Scotland, EH54 8RQ  
tel: 01506 460250 fax: 01506 460251 email: [finance@schuh.co.uk](mailto:finance@schuh.co.uk)  
[www.schuh.co.uk](http://www.schuh.co.uk)