

# BEALES

SINCE 1881

Interim Report and Accounts 2014



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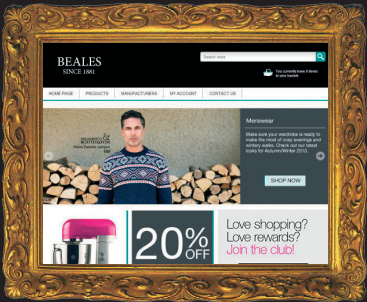
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## Beales Online

The Group continues to develop its internet sales, with the introduction of many new ranges. Visit [www.beales.co.uk](http://www.beales.co.uk) to review our wide range of direct delivered merchandise.

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# Interim Management Report

26 weeks ended 3 May 2014



## Financial results

The new financial year started slowly, reflecting the continuing pressure on household disposable incomes. Christmas started later but good like for like increases were seen during the key 14 day trading period, prior to start of the post Christmas sales. 2014 started encouragingly, before the detrimental impact of flooding and inclement weather experienced during late January and February. March sales were materially better than February showing a slight increase on the previous year on a like for like basis and April followed that trend.

For the 26 weeks to 3 May 2014 our gross sales reduced by 5.9% from £65.9m to £62.0m, due to the impact of our decisions taken last year to close the Maidstone store (June 2013) and the Cinderford store (July 2013), to exit the TV/Audio sector and also to exit the trading stance away from 'Mega promotions' which chased sales at the detriment of margin, devaluing the Beales brand proposition and confusing our core customers.

Our decisions to close stores, exit certain categories and exit 'Mega promotions' were justified as despite the sales decrease, gross profit increased by £0.1m from £18.4m in the 26 weeks to 4 May 2013 to £18.5m in the 26 weeks to 3 May 2014. Administration expenses before exceptional items were marginally greater than the previous year at

£18.4m (2013: £18.2m) due largely to the decision to take some catering operations in-house; all costs continue to be the focus of tight control within every area of the business. Exceptional income of £0.1m was recorded as a result of a credit on the Tonbridge lease agreement (which was referred to in the 2013 Annual Report) after refinancing and redundancy costs (2013: *exceptional costs of £0.5m*).

## Net debt

The net debt of the business as at 3rd May 2014 is £15.7m (4 May 2013: £13.7m). The difference to net debt at the same time last year, in part, is attributable to the timing of key trade and other payables and fixed asset purchases.

## Dividends

The Board is not proposing a dividend. (2013: *nil*).

## Related Party Transactions

Shareholders should note related party transactions are set out in note 14.

## Directors

There have been no changes to the directorate in the last six months. On 26 June 2014 John Chillcott resigned as a non-executive director of the Group. We would like to thank John Chillcott for his considerable contribution to the Group.

## Interim Management Report continued

### Staff

Once again, on behalf of the Board and shareholders, we wish to give special mention and thanks to all Beales staff — in stores and head office. The non-executives would also like to thank Michael Hitchcock and Tony Richards for their continuing contributions as the Executive Directors charged with the responsibility to deliver the turnaround of this business.

### Outlook

Despite the government rhetoric about the resumption of growth to the UK economy, it is clear that the pressure on household disposable income has not abated and consequently retail consumer confidence remains fragile in 2014. On this basis we still believe 2014 will continue to be a tough year.

The Group continues to manage its cash very closely and has met all of its banking covenants during the half year to 3 May 2014. Management will continue to work closely with its lender Burdale, to ensure that the ongoing provision of the necessary level of finance is available to the Group. In addition to strategic initiatives to drive the business forward, management continues to proactively develop contingency plans that mitigate loss in the event that trading falls below expectation; self-help measures initiated by the management team and a healthier UK economy, have improved more recent trading results. Please note the going concern statement is set out in Note 1 of these interim accounts.

As we are all aware, Beales operates within a very challenging and competitive trading environment and there are a number of risks and uncertainties facing the Group that are likely to affect its future development, performance and position. These risks and uncertainties have not changed from last year and are set out in the Chief Executive's statement in the Annual Report. The main risks are our customers spending does not increase, the weather, concession and product failure, cash resources and the Group may lose expertise with the resignation of key directors and management. The Board continually assesses the Group's performance and manages those risks and uncertainties by careful consideration of the appropriate resources required by the Group.

We make no hesitation in repeating that we at Beales will continue to concentrate and focus all of our effort and resources on what we can control to the best of our ability.

**William Tuffy**  
**Chairman**  
2 July 2014

**Michael Hitchcock**  
**Chief Executive**  
2 July 2014

## Responsibility Statement

We confirm that to the best of our knowledge:

- a) the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, included in the consolidation as a whole as required by DTR 4.2.4R;
- b) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- c) the interim management report includes a fair review of the information required

by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

- d) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board,

**William Tuffy**  
**Chairman**  
2 July 2014

**Michael Hitchcock**  
**Chief Executive**  
2 July 2014

This Interim Management Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Interim Management Report should not be relied on by any other party or for any other purpose.

The Interim Management Report contains certain forward-looking statements about the future outlook for the Group. Although the Directors believe that these statements are based on reasonable assumptions, any such statements should be treated with caution as future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

# Condensed Consolidated Income Statement

26 week period ended 3 May 2014 — Unaudited

	Notes	26 weeks to 3 May 2014 £000	26 weeks to 4 May 2013 £000	Audited 52 weeks to 2 November 2013 £000
Gross sales*	2	62,025	65,919	120,526
<b>Revenue — continuing operations</b>	2	<b>34,835</b>	35,588	64,098
Cost of sales		(16,339)	(17,215)	(30,698)
<b>Gross profit</b>		<b>18,496</b>	18,373	33,400
Administrative expenses		(18,445)	(18,228)	(35,797)
Exceptional administrative income/(expenses)	3	122	(479)	(800)
Total administrative expenses		(18,323)	(18,707)	(36,597)
Operating profit/(loss) before exceptional items		51	145	(2,397)
<b>Operating profit/(loss) — continuing operations</b>		<b>173</b>	(334)	(3,197)
Finance expense		(359)	(413)	(789)
Finance income		—	1	1
<b>Loss on ordinary activities before tax</b>		<b>(186)</b>	(746)	(3,985)
Taxation credit/(charge) on loss	5	—	—	112
<b>Loss for the period from continuing operations attributable to equity members of the parent</b>		<b>(186)</b>	(746)	(3,873)
<b>Basic loss per share</b>	6	<b>(0.91)p</b>	(3.63)p	(18.9)p
<b>Diluted loss per share</b>	6	<b>(0.91)p</b>	(3.63)p	(18.9)p

\* Gross sales reflect revenue inclusive of concession sales and VAT, all from continuing operations.

# Condensed Consolidated Balance Sheet

As at 3 May 2014 — Unaudited

	Notes	3 May 2014 £000	4 May 2013 £000	Audited 2 November 2013 £000
<b>Non-current assets</b>				
Goodwill	7	892	892	892
Property, plant and equipment		23,399	24,775	23,852
Financial assets		40	—	—
Derivative asset	8	1,466	1,496	1,407
Retirement benefit asset	12	1,340	—	789
		27,137	27,163	26,940
<b>Current assets</b>				
Inventories		13,639	14,475	15,254
Trade and other receivables		1,942	3,061	2,649
Cash and cash equivalents		194	606	194
Restricted cash	9	—	1,000	1,000
		15,775	19,142	19,097
<b>Total assets</b>		<b>42,912</b>	<b>46,305</b>	<b>46,037</b>
<b>Current liabilities</b>				
Trade and other payables		(11,111)	(12,547)	(14,504)
Provisions		—	(170)	(100)
Tax liabilities		(35)	(35)	(35)
Preference shares	10	(389)	—	—
Borrowings, bank loan & overdrafts		(1,828)	(250)	(1,816)
		(13,363)	(13,002)	(16,455)
<b>Net current assets</b>		<b>2,412</b>	<b>6,140</b>	<b>2,642</b>
<b>Non-current liabilities</b>				
Preference shares	10	(6,226)	(6,445)	(6,426)
Borrowings		(7,430)	(8,591)	(7,798)
Retirement benefit obligations	12	—	(1,171)	—
Lease incentives		(4,623)	(4,260)	(4,389)
Deferred tax liabilities		(2,615)	(3,072)	(2,610)
Obligations under finance leases		(976)	(977)	(977)
		(21,870)	(24,516)	(22,200)
<b>Total liabilities</b>		<b>(35,233)</b>	<b>(37,518)</b>	<b>(38,655)</b>
<b>Net assets</b>		<b>7,679</b>	<b>8,787</b>	<b>7,382</b>
<b>Equity</b>				
Share capital		1,026	1,026	1,026
Share premium account		440	440	440
Revaluation reserve		9,170	9,026	9,226
Capital redemption reserve		570	361	570
ESOP reserve		(7)	(14)	(8)
Retained earnings		(3,520)	(2,052)	(3,872)
<b>Total equity</b>		<b>7,679</b>	<b>8,787</b>	<b>7,382</b>

## Condensed Consolidated Statement of Comprehensive Income

26 week period ended 3 May 2014 — Unaudited

	26 weeks to 3 May 2014 £000	26 weeks to 4 May 2013 £000	Audited 52 weeks to 2 November 2013 £000
Actuarial gain on pension scheme	484	—	1,465
Tax on revaluation reserve	(1)	—	258
Tax on items taken directly to equity	—	—	(1)
<b>Net income recognised directly in equity</b>	<b>483</b>	<b>—</b>	<b>1,722</b>
Loss for the period	(186)	(746)	(3,873)
<b>Total comprehensive income/(loss) for the period</b>	<b>297</b>	<b>(746)</b>	<b>(2,151)</b>

## Condensed Consolidated Statement of Changes in Equity

26 week period ended 3 May 2014 — Unaudited

	26 weeks to 3 May 2014 £000	26 weeks to 4 May 2013 £000	52 weeks to 2 November 2013 £000
Opening equity	7,382	9,533	9,533
Total comprehensive income/(loss) for the period	297	(746)	(2,151)
<b>Total movements in equity for the period</b>	<b>297</b>	<b>(746)</b>	<b>(2,151)</b>
<b>Closing equity</b>	<b>7,679</b>	<b>8,787</b>	<b>7,382</b>



# Condensed Consolidated Statement of Changes in Equity

26 week period ended 3 May 2014 — Unaudited

	Share Capital £000	Share premium account £000	Revalua- tion reserve £000	Capital redemp- tion reserve £000	ESOP reserve £000	Retained earnings £000
At 4 November 2012	1,026	440	9,082	54	(15)	(1,054)
Loss for the period	—	—	—	—	—	(746)
ESOP reserve loss for the period	—	—	—	—	1	(1)
Redemption of preference shares	—	—	—	307	—	(307)
Transfer from revaluation reserve	—	—	(56)	—	—	56
4 May 2013	1,026	440	9,026	361	(14)	(2,052)
Loss for the period	—	—	—	—	—	(3,127)
Redemption of preference shares	—	—	—	209	—	(209)
Tax on Comprehensive income	—	—	—	—	—	(1)
Deferred tax change on revaluation reserve	—	—	258	—	—	—
ESOP reserve loss for the period	—	—	—	—	6	(6)
Transfer from revaluation reserve	—	—	(58)	—	—	58
Net actuarial gain	—	—	—	—	—	1,465
<b>3 November 2013</b>	<b>1,026</b>	<b>440</b>	<b>9,226</b>	<b>570</b>	<b>(8)</b>	<b>(3,872)</b>
Loss for the period	—	—	—	—	—	(186)
Tax on comprehensive income	—	—	(1)	—	—	—
Transfer	—	—	(55)	—	—	55
Net actuarial gain	—	—	—	—	—	484
ESOP reserve loss for period	—	—	—	—	1	(1)
<b>3 May 2014</b>	<b>1,026</b>	<b>440</b>	<b>9,170</b>	<b>570</b>	<b>(7)</b>	<b>(3,520)</b>

## Condensed Consolidated Cash Flow Statement

26 week period ended 3 May 2014 — Unaudited

	Note	26 weeks to 3 May 2014 £000	26 weeks to 4 May 2013 £000	Audited 52 weeks to 2 November 2013 £000
<b>Cash (outflow)/inflow from operating activities before interest and tax</b>	11	<b>(244)</b>	2,340	1,927
Interest paid		<b>(169)</b>	(177)	(368)
Interest received		—	1	1
<b>Net cash (used in)/generated from operating activities</b>		<b>(413)</b>	2,164	1,560
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		<b>(191)</b>	(302)	(675)
Purchase of investment		<b>(40)</b>	—	—
Proceeds from maturing of investment		—	37	37
<b>Net cash used in investing activities</b>		<b>(231)</b>	(265)	(638)
<b>Cash flows from financing activities</b>				
Preference shares redeemed		—	(307)	(515)
Decrease in bank loans		<b>(243)</b>	(309)	(977)
Repayment of loan		<b>(125)</b>	(125)	(125)
Net repayments from obligation under finance lease		<b>(1)</b>	(1)	(1)
<b>Net cash used in financing activities</b>		<b>(369)</b>	(742)	(1,618)
<b>Net (Decrease)/increase in cash and cash equivalents in the period</b>		<b>(1,013)</b>	1,157	(696)
Cash and cash equivalents at beginning of period		<b>(247)</b>	449	449
Cash and cash equivalents at end of period (including restricted cash)		<b>(1,260)</b>	1,606	(247)

## Condensed Analysis of Consolidated Net Debt

26 week period ended 3 May 2014 — Unaudited

	26 weeks to 3 May 2014 £000	26 weeks to 4 May 2013 £000	52 weeks to 2 November 2013 £000
Cash at bank	194	606	194
Restricted cash	—	1,000	1,000
Bank overdrafts	(1,454)	—	(1,441)
<b>Cash and cash equivalents (including overdrafts)</b>	<b>(1,260)</b>	1,606	(247)
Borrowings:			
Debt due within one year — Preference shares	(389)	—	—
— Loan	(375)	(250)	(375)
	(764)	(250)	(375)
Debt due after one year			
Preference shares	(6,226)	(6,445)	(6,426)
Loan	(750)	(1,000)	(875)
Bank loan	(6,680)	(7,591)	(6,923)
	(13,656)	(15,036)	(14,224)
<b>Total borrowings</b>	<b>(14,420)</b>	(15,286)	(14,599)
<b>Net debt</b>	<b>(15,680)</b>	(13,680)	(14,846)

# Notes to the Condensed Consolidated Financial Statements unaudited

## 1. Accounting Policies

### Basis of preparation

The Interim Financial Statements for the 26 weeks ended 3 May 2014 have been prepared on the basis of the accounting policies set out in the Group's financial statements for the 52 weeks ended 2 November 2013.

### Going Concern

On 1 February 2013 the Group entered into a new loan facility with Burdale Financial Limited. The terms of that loan facility are for up to a maximum of £12m Senior Secured Credit Facilities. The facilities are secured by a debenture over most of the present and future assets and undertakings of the Group. The new bank facilities include one financial covenant which requires the Group to procure that trading cash flow in respect of each review period as set out in the facility agreement shall not be less than the amounts agreed between the Group and the lender based on financial projections. At the moment the trading cash flow covenants are only stated to the end of October 2014. The bank facility states that, for covenant levels beyond October 2014, the Lender, acting reasonably, will determine new trading cash flow covenant levels for the following financial year based on the Annual Revised Forecasts and consistent with the methodology applied by the Lender in determining the financial covenant levels set out in the agreement. In addition there is a condition that for a period of 14 days between 1 December and 31 January each year drawings do not exceed £2.5m other than the period 1 December 2013 to 31 January 2014 where the limit was £3.0m.

The Group is subject to a number of risks and uncertainties which arise as a result of the current economic environment. In determining that the Group is a going concern, these risks, the most significant of which are the impact on consumer behaviour and in turn the impact on the level of the Group's sales, have been considered by the Directors.

The Directors have prepared forecast information for the 2013/14 year and a three year corporate plan. Based on these forecasts, forward covenant tests to October 2014 after applying financial sensitivities based on reasonably possible alternative trading scenarios and mitigating actions, show that the covenant is not forecast to be breached in the period to October 2014. The forecast and corporate plan are based on market data and past experience and the Directors have formed a judgement that at the time of approving these interim statements, based on those forecasts and projections, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis is adopted in preparing these interim statements.

## 2. Revenue

All the Group's revenue is derived from retail sales made in the UK. Revenue excludes VAT and the non-commission element of sales made by concession outlets.

	<b>26 weeks to 3 May 2014 £000</b>	<i>26 weeks to 4 May 2013 £000</i>	<i>52 weeks to 2 November 2013 £000</i>
Gross sales	<b>62,025</b>	65,919	120,526
VAT	<b>(10,235)</b>	(10,869)	(19,934)
Gross sales (excluding VAT)	<b>51,790</b>	55,050	100,592
Agency sales less commission	<b>(16,955)</b>	(19,462)	(36,494)
Revenue	<b>34,835</b>	35,588	64,098

### Seasonality of sales

The Group sales are more heavily weighted towards the first half of the financial year on a like for like basis, with 54.11% (2012: 53.82%) of gross annual sales of the previous year being made in the first half on a like for like basis.

## 3. Exceptional administrative expenses

The Group had an exceptional credit of £122,000 (24 April 2013: £479,000 charge, 2 November 2013: £800,000 charge). The exceptional credit of £122,000 consists of an exceptional credit on the Tonbridge lease agreement (referred to in the annual report) less refinancing and redundancy costs. The £479,000 exceptional debit consisted of costs associated with refinancing the Group and the move from premium to standard listing on the stock exchange. The £800,000 arising in the period to 2 November 2013 relates to fixed asset impairment, refinancing, move to standard listing and the Tonbridge lease agreement.

	<b>26 weeks to 3 May 2014 £000</b>	<i>26 weeks to 4 May 2013 £000</i>	<i>52 weeks to 2 November 2013 £000</i>
Exceptional income on Tonbridge	<b>242</b>	—	250
Fixed asset impairment	<b>—</b>	—	(582)
Refinancing and cost of moving from premium to standard listing	<b>(54)</b>	(479)	(468)
Redundancy	<b>(66)</b>	—	—
	<b>122</b>	(479)	(800)

# Notes to the Condensed Consolidated Financial Statements unaudited

## 4. Segment information

The Board have reviewed the requirements of IFRS 8. The individual department stores have similar economic characteristics, products and services, class of customer, method of service provision and regulatory environment. Consequently the directors consider the individual stores can be aggregated into one segment.

## 5. Tax

A tax charge has arisen of £Nil (2013: £Nil). The total tax credit for the 52 weeks ended 2 November 2013 was calculated at 2.81%.

Tax for the six month period is charged at Nil% (26 weeks ended 4 May 2013 Nil%; 52 weeks ended 2 November 2013 credited at 2.81%).

## 6. Loss per share

	26 weeks to 3 May 2014	26 weeks to 4 May 2013	52 weeks to 2 November 2013
Weighted average number of shares in issue for the purpose of basic earnings per share	20,524,797	20,524,797	20,524,797
Dilution — share reward schemes	198,312	228,312	228,312
	20,723,109	20,753,109	20,753,109
	£000	£000	£000
Loss for basic and diluted earnings per share	(186)	(746)	(3,873)
	Pence	Pence	Pence
Basic loss per share	(0.91)	(3.63)	(18.9)
Basic loss per share before exceptional item	(1.50)	(1.30)	(14.97)
Diluted loss per share	(0.91)	(3.63)	(18.9)

No dividend was paid (2013: nil per share).

## 7. Goodwill

As at 3 May 2014 the directors assessed the business for indicators of impairment and none were found.

## 8. Derivative asset

	<b>3 May 2014 £000</b>	<i>4 May 2013 £000</i>	<i>2 November 2013 £000</i>
Embedded Derivative	<b>1,466</b>	1,496	1,407

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, as with the 8m preference shares (*4 May 2013 8.2m, 2 November 2013 8.0m*) (see note 10 for the reduction in preference shares), a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

No dividend accrues on the preference shares until 22 May 2016. Thereafter a preferential dividend of 8% per annum will be payable on each of the preference shares for 4 years, increasing to 9% thereafter. The preference shares can be repaid at any time at no penalty.

An embedded derivative in relation to the prepayment option arising on the 8,500,000 preference shares was valued at inception on 22 May 2011 to be £1,078,000. As at 3 May 2014 the derivative was valued at £1,466,000 (*4 May 2013: £1,496,000; 2 November 2013: £1,407,000*). It has been assumed the Group can borrow at 5% (*4 May 2013 5%, 2 November 2013 5%*) over LIBOR without security in determining the credit spread required to value this instrument. The valuations were supplied by an independent third party.

## 9. Restricted cash

As at 3 May 2014 the Group has £Nil (*3 May 2013: £1m; 2 November 2013: £1m*) deposited with HSBC as security over cash deposits.

# Notes to the Condensed Consolidated Financial Statements

## 10 Preference Shares

	3 May 2014 £000	4 May 2013 £000	2 November 2013 £000
Redeemable within one year	389	—	—
Redeemable after one year	6,226	6,445	6,426
Preference Shares	6,615	6,445	6,426

At the EGM on 17 May 2011 the shareholders approved the issue of 8,500,000 new redeemable preference shares of £1 each in capital of the Company to ARCS. On 7 December 2012, 306,612 preference shares were redeemed, equivalent to the value of stock held by the Skipton store as at 22 May 2011. On 30 September 2013 209,435 preference shares were redeemed equivalent to the value of stock held by Cinderford. Both Skipton and Cinderford closed shortly before the relevant redemption.

The preference shares were recorded at their estimated initial fair value of £5.97m on 22 May 2011. The initial value was established by an independent third party valuer, based on assumptions provided by management including an estimate of the Group's credit spread and based on the interest and cashflows arising in relation to the preference shares and the fact that no dividend will accrue on the preference shares until five years from their date of issue. The preference shares carrying value is stated above on an amortised cost basis. The effective rate of interest arising on the shares is 7.11%. Furthermore the preference shares can be repaid at any time without penalty. The terms of the preference shares are such that an embedded derivative is recognised, details of which are included in note 8.

In addition, the preference shares must be immediately redeemed on a change of control of the Company or on a sale of all, or substantially all, of the assets of the enlarged Group. Furthermore, should the Group cease trading and fully close down and cease to operate any of the stores acquired from ARCS on 22 May 2011, then an amount of preference shares equivalent to the value of the stock relating to that store as at 22 May 2011 will be redeemed. It is anticipated 164,000 and 225,000 preference shares will be redeemed following closure of the Keighley Home and Harrogate stores respectively later this year.

Please see note 14 in relation to the change in ownership of the preference shares.



## 11. Reconciliation of operating loss to cash generated from/(used in) operating activities

	<b>26 weeks to 3 May 2014 £000</b>	<i>26 weeks to 4 May 2013 £000</i>	<i>52 weeks to 2 November 2013 £000</i>
Operating profit/(loss)	<b>173</b>	(334)	(3,197)
Adjustments for:			
Cash disbursements of pension obligations (net of charge included within the income statement)	<b>(67)</b>	—	(495)
Loss on disposal	<b>—</b>	—	33
Fixed asset impairment	<b>—</b>	33	582
Depreciation	<b>643</b>	698	1,412
Profit on disposal of investment	<b>—</b>	(21)	(21)
Fair value movement of derivative	<b>(59)</b>	(80)	9
Decrease in inventories	<b>1,615</b>	1,341	562
Decrease in trade and other receivables	<b>708</b>	2,234	2,646
Decrease in trade and other payables	<b>(3,257)</b>	(1,531)	396
<b>Cash (outflow)/inflow from operations</b>	<b>(244)</b>	2,340	1,927

## 12. Retirement benefit asset

The defined benefit asset at 3 May 2014 has been changed from the figures recorded at 2 November 2013. The change in value takes in to account the updated asset and liability values, having received information from the Group's actuary. The surplus has taken into account the requirements of IAS 19R.

## 13. Post balance sheet event

In August 2014 the Keighley Home and Harrogate stores will cease trading. The stores closure will not have a significant effect on the business profitability. The closure of these stores will mean the Group will have to redeem preference shares to the value of approximately £389,000, as this was the value of stock at Keighley Home and Harrogate on acquisition as at 22 May 2011 (see note 10). On 26 June 2014 John Chillcott resigned as a director of the Group.

# Notes to the Condensed Consolidated Financial Statements

## 14. Related party transactions

Panther Securities PLC/Maland Pension Fund/Perloff own 29.72% of Beale PLC ordinary share capital. J.E. Beale PLC is a tenant in ten freeholds owned by Panther Securities PLC and one freehold where the purchase is deferred. Portnard Limited which is owned by A S Perloff and family trusts, together with Maland Pension Fund and a member of the Perloff family own 7,000,000 Beale PLC preference shares and a loan for £1.1m.

### Director

John Chillcott is a Director of AHF Ltd with whom J.E. Beale PLC have a concession agreement. J.E. Beale PLC received revenue of £451,000 (*26 weeks ended 4 May 2013 £359,000, 52 weeks ended 2 November £0.9m*).

## 15. Basis of financial information

The condensed set of financial statements included in this interim financial report, approved by the Board of directors on 2 July 2014, does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. This condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union. This Interim Report and Accounts will be sent to shareholders. Further copies may be obtained from the Company Secretary, Beale PLC, The Granville Chambers, 21 Richmond Hill, Bournemouth BH2 6BJ or directly from the Company website [www.beales.co.uk](http://www.beales.co.uk).

The information included in this Interim Financial Statement for the 52 weeks ended 2 November 2013 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the 52 weeks ended 2 November 2013, which were prepared under International Financial Reporting Standards, have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement made under Section 498(2) or (3) of the Companies Act 2006.

The financial year ending 1 November 2014 is a 52 week year.

## Independent Review Report to Beale PLC

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the 26 weeks ended 3 May 2014 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 15. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

### Directors’ responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

As disclosed in note 15, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” as adopted by the European Union.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

# Independent Review Report to Beale PLC continued

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 26 weeks ended 3 May 2014 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

## **Deloitte LLP**

### **Chartered Accountants and Statutory Auditor**

Southampton  
United Kingdom  
2 July 2014

## Shareholder Notes

## Shareholder Notes

# Beales Stores

## Abingdon

Fairacres Retail Park  
Marcham Road  
Abingdon, Oxon OX14 1TP  
Telephone: 01235 559 110

## Beccles

22 Smallgate  
Beccles, Suffolk NR34 9AD  
Telephone: 01502 716 705

## Bedford

5A Harpur Street  
Bedford, Bedfordshire  
MK40 1PE  
Telephone: 01234 353 292

## Bishop Auckland

80 Newgate Street  
Bishop Auckland,  
County Durham  
DL14 7EQ  
Telephone: 01388 602 345

## Bolton

79/87 Deansgate  
Bolton, Lancashire BL1 1HE  
Telephone: 01204 521 111

## Bournemouth

36 Old Christchurch Road  
Bournemouth BH1 1LJ  
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## Diss

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Telephone: 01379 652 248

## Harrogate

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Telephone: 01423 523 731

## Hexham

48 Fore Street  
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NE46 1NA  
Telephone: 01434 602151

## Horsham

1 The Forum  
Lower Tanbridge Way  
Horsham, West Sussex  
RH12 1PQ  
Telephone: 01403 225 220

## Keighley

Beales Home Store  
Hanover Street, Keighley,  
West Yorkshire  
BD21 3QJ  
Telephone: 01535 602 776

## Beales Fashion Store

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Keighley, West Yorkshire  
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## Kendal

37/58 Finkle Street  
Kendal, Cumbria LA9 4AL  
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## King's Lynn

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King's Lynn, Norfolk PE30 1DT  
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## Lowestoft

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## Mansfield

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Telephone: 01623 622 582

## Peterborough

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## Poole

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Poole, Dorset BH15 1SQ  
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## Redcar

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## Rochdale

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## Saffron Walden

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## Skegness

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Skegness, Lincolnshire  
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## Southport

295-307 Lord Street  
Southport, Merseyside  
PR8 1NY  
Telephone: 01704 535 177

## Spalding

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Spalding, Lincolnshire  
PE11 1SL  
Telephone: 01775 713 424

## St Neots

57 High Street  
St. Neots, Cambridgeshire  
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Telephone: 01480 473 242

## Tonbridge

Angel Centre  
Angel Lane, Tonbridge, Kent  
TN9 1SF  
Telephone: 01732 771 177

## Winchester

The Brooks  
Upper Brook Street,  
Winchester, Hampshire  
SO23 8TL  
Telephone: 01962 844 749

## Wisbech

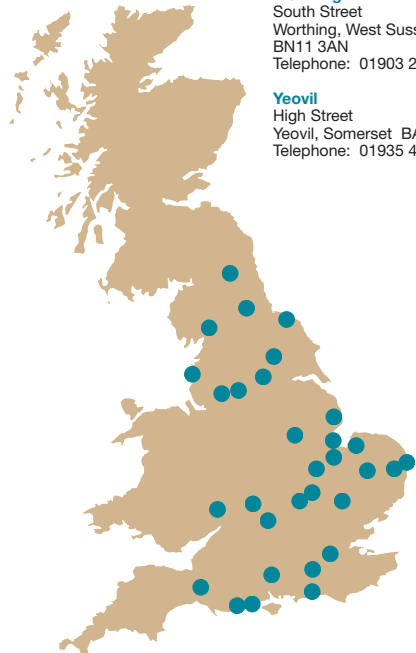
1-2 Church Terrace  
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## Worthing

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## Yeovil

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